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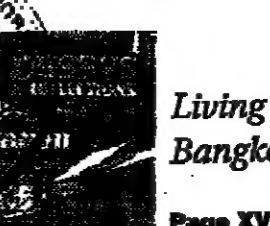
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# FINANCIAL TIMES

Weekend June 27/June 28 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

## Mandela warns S Africa 'is on brink of disaster'

South Africa is on the "brink of disaster", Nelson Mandela, African National Congress leader, warned President F.W. de Klerk last night as further allegations surfaced of government complicity in township violence. The warning came after the judicial commission investigating township violence heard evidence linking a police unit to last Wednesday's massacre at the Boipatong township near Johannesburg in which 42 people died. Page 22

**Olivetti agreement** Olivetti, loss-making Italian computer and office equipment manufacturer, signed an agreement with Digital Equipment (DEC) which could lead to the US minicomputer maker owning up to 10 per cent of Olivetti within two years, giving it a European partner to help market its latest technology. Page 10

**Japanese declines** Japan's industrial output declined in May by 0.7 per cent compared to a year ago, the most severe year-on-year fall since 1975. Page 2; Tokyo keeps straight corporate face. Page 10

**Central bank dilemma** A plan by the EC Portuguese presidency to site the headquarters of the European Central Bank in Bonn and its operating arm in London looked likely to founder. Page 3; The third phase of Mr Europe. Page 5

**Tears as Ravenscroft closes** Workers left the giant Ravenscroft steel plant at Motherwell in Lanarkshire, Scotland, after the final shift before closure, many angry at British Steel chairman, Sir Robert Scholey (left). The plant's official last day is today and Motherwell District Council is marking it by releasing black balloons outside the gates at noon to represent the 4,400 jobs lost from Ravenscroft and Clydesdale in the past two years. Page 5

**Rabin's pledge** Israel's prime minister-elect, Yitzhak Rabin, said he would freeze Jewish settlements in areas of the occupied territories he does not consider vital to Israel's security. Palestinians had unsuccessfully sought a settlement freeze from the outgoing government led by the Likud party. Page 2

**Fishing wars** John Gummer, UK agriculture minister, accused French fishermen of stirring up "1,000 years of rivalry and hatred" in the row over fishing rights around the Scilly Isles. Page 4

**BSN deal** BSN, the French food group, is taking control of Galbani, a leading company in the Italian food industry, by buying an additional 10 per cent stake from IFL, a company controlled by the powerful Agnelli family, for Fr1.35bn (\$390m). Page 10

**Aegis departure** Aegis, London-based holding company for Carat, which dominates the media-buying scene in Europe, announced that chairman, Peter Scott, is to leave at the end of the year when the company relocates to Paris. Page 5

**Liberty family victory** The founding family of Liberty defeated a proposal to enfranchise all shareholders and thus undermine their control of the UK fashion and fabric group. Page 8

**Standard Chartered** The chief executive of Standard Chartered's Indian operations, Parvath S. Nat, has been relieved from duty until the end of the investigation into India's most serious securities market scandal. Page 2

**Listeria kills 20** French health authorities said that 20 people had died in a possible listeria epidemic over the past three months. About 100 cases of listeria, a virus transmitted by unpasteurised milk and some farmhouse cheeses, had been diagnosed.

**Adidas bids** Rene Jaggi, chief executive of Adidas, is heading a consortium of European investors in a DM1bn (\$648m) bid to buy control of the German sporting goods group from Bernard Tapie, the controversial French businessman and politician. Page 10

**Police "torture"** Los Angeles police have resorted to excessive force, sometimes amounting to torture, for several years, the human rights group Amnesty International said. In most cases, it added, the officers involved appeared to have acted with impunity or received only minor disciplinary sanctions.

STOCK MARKET INDICES		STERLING	
FT-100	2,534.1 (-0.2%)	New York	1,894
Yield	4.54	London	1,892 (1,891)
FT-SE 100	1,145.09 (-0.02%)	DM	2,415 (2,415)
FT-A All Share	1,294.17 (-0.02%)	FF	3.79 (3,812)
Nikkei	15,912.75 (-0.30%)	SF	2,617 (2,625)
New York	1,894	Y	237.76 (237.25)
Dow Jones Ind	2,779.73 (-0.28%)	E Index	56.3 (56.0)
S&P Composite	402.51 (-0.21%)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3.11% (N/A)	New York	1,894
3-mo Treas Bill	3.77% (N/A)	DM	2,415
Long Bond	102.11 (N/A)	FF	3.79
Yield	7.76% (N/A)	SF	2,617
LONDON MONEY		Y	237.76
3-mo interbank	10.25% (10.1%)	E Index	56.3
Life long gilt	Sup 98% (Sup 97%)		
NORTH SEA OIL (Argus)			
Brent 15-day Avg	\$12.75 (21.52)		
Gold			
New York Comex Jun	\$342.5 (344.6)		
London	\$343.06 (343.35)		
		Tokyo close	Y 125.5

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## EC leaders split on financing and enlargement debate

By Our Foreign and Political Staff in Lisbon

EC LEADERS, meeting at the Lisbon summit, were split last night on how to finance the Community and when to start negotiating its enlargement. But they were united in their desire to save the Maastricht union treaty. Chancellor Helmut Kohl of Germany said that, in spite of Denmark's rejection of Maastricht, "the Community

should go ahead at the same speed with all 12 passengers on board".

Mr Uffe Elleman-Jensen, Denmark's foreign minister, said he hoped that ratification by the EC's big three - coupled with a drive towards more open and decentralised decision-making - would lead to a new landscape, where new decisions can be taken. This was an apparent hint at the possibility of a second Danish referendum.

But Mr Elleman-Jensen went on to say that "political leaders should have the courage to propose changes to their electors". This could equally refer to the possibility of renegotiating aspects of Maastricht, a prospect firmly ruled out by all 12 governments.

Britain's desire to start enlargement talks with European Free Trade Association countries during its forthcoming presidency as a way of ending Den-

mark back into the fold found little support.

Mr Kohl, President Francois Mitterrand of France, and the leaders of the northern Benelux countries, all spoke in terms of the Community only beginning to give serious consideration to negotiations with EFTA in 1993.

Mr Rudi Lubbers, the Dutch prime minister, suggested that with the south anxious about getting more aid from the EC budget and the north preoccupied with

enlargement, public opinion in both regions of the Community would only be satisfied if the Lisbon summit gave equal weight to both issues.

EC leaders will try to do this in today's final communique. Just how difficult a task this will be was underlined last night when Portuguese prime minister Anibal Cavaco Silva suspended the summit's plenary session for talks with Mr Kohl and Prime Minister Felipe Gonzalez of

Spain, the standard-bearer of the south's quest for more structural aid.

Earlier debate had shown positions far apart. A majority led by Germany and the UK was opposed to making firm pledges of money. They backed a suggestion by Mr Jacques Delors, the Commission president, that Brussels plan to increase EC spending by a third should be stretched out over seven, rather than five years.

## Possibility of military action played down

# Bush calls crisis meeting over aid airlift for Bosnia

By Robert Mauthner in London, Patrick Blum in Lisbon and Laura Silber in Belgrade

US PRESIDENT George Bush yesterday called an emergency meeting of his top security advisers to discuss the rapidly worsening situation in Bosnia and the implementation of an international aid airlift to the region's beleaguered population.

The meeting, attended by Mr James Baker, secretary of state, Mr Dick Cheney, defence secretary, and Mr Brent Scowcroft, national security adviser, was convened amid harrowing reports of the plight of 300,000 starving people, blockaded by Serbian forces in the Bosnian capital of Sarajevo.

But US officials played down speculation that Washington and its allies were contemplating military action to end the fighting, mainly between the region's Serbs and Muslims.

Before the meeting, Mr Baker said he did not believe the international community had the authority under current United Nations resolutions to use force to ensure humanitarian aid reached its destination.

Nor, in spite of regular consultations between members of the Security Council, were there any new plans to pass a new UN resolution authorising the use of force at this stage, a senior State Department official said.

The Pentagon confirmed that US forces in Europe were on alert



James Baker: key meeting

as much long as 10 days ago to transport food and medical supplies to the population of Sarajevo but stressed that the go-ahead would be given only when a ceasefire was in place.

EC government leaders meeting in Lisbon yesterday were divided over what to do about the Bosnian crisis and generally cautious over suggestions that force could be used to open Sarajevo airport.

French president Francois Mitterrand called for tough measures, but did not spell these out. However, his spokesman was cool about proposals for military intervention and emphasised that "Europe had neither the vocation nor the means to be a policeman

in Yugoslavia". Britain, too, remained sceptical about military intervention. Officials suggested it would take up to 100,000 troops to secure Sarajevo and Serbian-controlled hills around the city.

It is clear, however, that Washington's European allies are seriously considering their participation in a US-led humanitarian airlift for Bosnia if there is an effective ceasefire.

"If there is an effective ceasefire that lasts long enough to allow a multilateral operation safely, we would be ready to play our part," a senior British official said. He stressed that such an operation should not involve the use of ground forces.

Western European Union officials meeting in London concluded that it was feasible, in principle, for member countries to clamp a to put into effect a naval embargo on of Serbia and agreed to examine ways in which the nine member countries could participate in the proposed airlift.

On the ground General Ratko Mladic, the commander of Serb forces in Bosnia-Herzegovina, lashed out at western countries and warned that Serbs were ready to continue their fight. His speech contrasted with yesterday's call by Mr Radovan Karadzic, Bosnia's nationalist Serb leader, for an immediate halt to all artillery attacks on Sarajevo and the withdrawal of anti-aircraft guns from the Serb-held city airport. Shelling continued yesterday in parts of the city in defiance of Mr Karadzic's order.



Making a point: a dummy representing a farmer stabbed with a pitchfork adorns the front of one of the 300 tractors used to blockade the road to Eurodisney outside Paris yesterday as a protest against the effect of US companies on world markets. Report, Page 2

## BP shares fall 15% on fear of possible dividend cut

By David Lascelles, Juliet Sychnava and Norma Cohen

BRITISH PETROLEUM shares yesterday fell by 15 per cent in the wake of Thursday evening's boardroom coup which ousted Mr Robert Horton, the chairman and chief executive. The shares closed at 208p, a loss of 34p on the day, taking them to their lowest point since autumn 1988.

The fall was prompted mainly by fears that the company's new management, headed by Lord Ashburton, the chairman, would be forced to halve the dividend to ease BP's strained balance sheet. There were also rumours of a 50p-20p rights issue.

Nevertheless the City was generally positive about the sudden change in leadership at the UK's third-largest company by market capitalisation. Analysts welcomed an end to the frictions caused by Mr Horton's style of management.

They also reacted favourably to the appointment of Mr David Simon as chief executive. His financial background and diplomatic manner were seen as positive

attributes in BP's current difficult situation.

"He's more financially oriented and BP's problems are financial," said Mr Paul Spedding of Kleinwort Benson Securities.

It also emerged yesterday that the prime movers behind the coup were the non-executive directors from the business community on BP's board.

Lord Ashburton, a former chairman of Barings merchant bank, Sir Patrick Sheehy, chairman of BAT Industries, Dr Carl Hahn, chairman of Volkswagen, and Mr Charles Knight, chairman of Emerson Electric, were said to be among those keenest to remove Mr Horton.

BP called large shareholders yesterday to say that the company would be in contact shortly and that Mr Simon would be available to answer questions.

Institutional shareholders were concerned that the boardroom coup might have been carried out without any alternative strategies in mind. The dominance of Mr Horton's personality and the concentration of power in his dual role as chairman and chief

executive would have made it difficult for the new management to prepare any fresh measures to deal with BP's difficulties.

Analysts said there had been recent signs that the second quarter's earnings prospects had deteriorated. Some factors out of BP's control, such as the weakness of the dollar, are likely to affect earnings, while larger-than-expected redundancy costs in its US operations will also result in a charge to earnings. BP is due to announce its interim results on August 6, but this date may be brought forward.

BP itself made no public comment yesterday following Mr Horton's dramatic resignation. Staff were said to have been surprised by the changes, but generally supportive.

Mr Horton also refused to comment. He spent the early part of yesterday at his country home in South Stoke, Oxfordshire. He bought the morning papers at the local newsagent and later left by car with his wife for Oxford.

A classic coup, Page 6  
Lex, Page 22

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Austria: Schod; Bahrain: D11.000; Bermuda: \$1.85; Belgium: BF-60; China: PRC 12; Canada: C\$1.40; Cyprus: C\$1.00; Czechoslovakia: Kcs3; Denmark: Dkr14.00; Egypt: E£24.00; Finland: Fmk10; France: FF4.50; Germany: DM43.00; Greece: Dr100; Hong Kong: HK\$10; Hungary: Hfl100; India: Rupee20.00; Indonesia: Rp100.00; Israel: NIS2.00; Italy: L500; Japan: ¥100; Jordan: JD1.00; Korea: Won 200; Kuwait: Kds1.00; Lebanon: L£1.00; Luxembourg: LFr100; Malaysia: RM1.00; Malta: Lm1.00; Morocco: Dir1.00; Nepal: Nu1.00; Netherlands: Fl.100; Norway: Nkr1.00; Oman: OMR1.00; Pakistan: Pcs100; Philippines: Pso 40; Poland: Zloty 100; Portugal: Esc100; Qatar: QR10.00; Saudi Arabia: Rials100; Singapore: S\$1.00; Spain: Ptas100; Sri Lanka: Rs100; Sweden: Sfr1.00; Switzerland: Sfr4.00; Taiwan: NT\$100; Thailand: Bht100; Tunisia: Din1.00; Turkey: Liras100; UAE: Dirhams100; USA: \$1.00; Vietnam: Dong 100; Yugoslavia: Dina 100.



## NEWS: INTERNATIONAL

## Operation Mickey a publicity coup for French farmers

By Alice Rawsthorn in Paris

HUNDREDS of French farmers in tractors yesterday blocked the road entrances to Euro Disney and condemned US companies for "trying to force Europeans out of world markets".

The demonstration, code-named "Operation Mickey", is the latest development in French farmers' protests

against the European Community's agricultural reform.

Farmers have been demonstrating across France for several weeks against planned cuts in guaranteed prices and enforced reductions in cultivated area which small farmers fear will drive them off the land.

Mr Luc Guyau, who was on Thursday elected president of the French farmers union,

declared that his members did not "want to see France colonised by Euro Disneyland".

Protest leader Jean-Louis Coles of the mainstream farmers' union FNSEA said: "We chose Euro Disneyland because it is a symbol. It is built on agricultural land."

It also symbolises America. Without American pressure, the reform of the European agricultural policy could have

been different," he said.

Operation Mickey is the latest in a long list of problems to have hit Euro Disneyland, since its opening in April as Europe's largest and most expensive theme park. As well as the intellectuals' attacks, the park has been hit by bad publicity over rows with suppliers and rumours of poor attendances.

The farmers' protest began

early yesterday morning when hundreds of agricultural workers from neighbouring areas converged on the theme park at Marne La Vallée outside Paris. By mid-morning an estimated 500 farmers with more than 200 tractors had encircled the park closing the access roads to the car parks.

Two squads of riot police were dispatched to Euro Disneyland but there were no

disturbances. The farmers dispersed at lunchtime after posing by their tractors for the television cameras and the park opened as usual. However, the road-block did trap thousands of would-be visitors including 80 coaches, carrying 2,000 school children, and more than 100 cars.

For the farmers, who earlier this week were forced to abandon plans to stage a similar

road-block around the French government's congress at Versailles, the Euro Disneyland demonstration was a successful publicity coup.

Euro Disneyland has been left to brace itself for the chilling prospect that it could be a target for future French political protests. "We are still assessing the situation," said a spokesman.

## NEWS IN BRIEF

## India's reforms win aid support

Western donor nations yesterday demonstrated their support for India's economic reform programme by increasing multilateral and bilateral assistance this year by 7 per cent in nominal terms to \$7.2bn, writes David Housego in Paris.

Donor nations, gathering in Paris for the Aid India consortium, intended that their pledges for 1992-93 should be seen by the Indian government as reflecting a need for more rapid restructuring.

Mr Montek Ahluwalia, secretary for economic affairs and head of the Indian delegation, acknowledged this in saying that the government would take "further steps to deepen and intensify the process of structural reform in the next year or so".

## Running-mates eliminated

The choice of Senator Bill Bradley from New Jersey and Governor Anne Richards of Texas for prominent speaking roles at next month's Democratic convention is believed to be a sign that neither will emerge as Mr Bill Clinton's presidential running-mate, Jurek Martin reports in Washington.

The vice-presidential nominee traditionally makes his acceptance speech on the penultimate night of the convention and is not given any other speaking slot. Mr Bradley has been selected as one of the keynote speakers in New York and Governor Richards has been named convention chairman.

## Rail workers end shutdown

Railway employees in the US were returning to work yesterday, after Congress passed legislation late on Thursday which effectively ended the shutdown of the nation's freight system, writes Nikki Tait in New York. The bill provided for an immediate cooling-off period in the dispute, followed by binding arbitration if no settlement is reached in negotiations between rail unions and management.

## Australian merger law

Australia is to introduce tougher merger laws and higher fines for anti-competitive trading practices, reports Emma Tagaza in Canberra. Amendments to the Trade Practices Act are to be introduced in August, including a dramatic rise in maximum penalties from A\$250,000 (£100,800) to A\$10m for companies, and from A\$500,000 to A\$500,000 for individuals. New legislation will allow the Trade Practices Commission to block mergers and acquisitions that will substantially lessen competition in a market.

## French paper to be sold

La Tribune de L'Expansion, one of France's leading financial newspapers, is expected to be sold within the next ten days, Alice Rawsthorn writes in Paris. The Expansion group, which owns La Tribune, yesterday told the newspaper's staff that it was in negotiations with two prospective purchasers for the financially troubled paper. La Tribune, like the rest of the French financial press, has suffered from the slowdown in the French economy and the sluggish state of the Paris stock market.

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## Rabin pledge on freezing settlements

By Hugh Carnegie in Tel Aviv

ISRAEL'S prime minister-elect, Mr Yitzhak Rabin, said yesterday he would freeze Jewish settlements in areas of the occupied territories he does not consider vital to Israel's security. He would also cut off state subsidies to existing settlements beyond that available to equivalent areas within Israel.

The Labour party leader reiterated his support for elections among Palestinians in the West Bank and Gaza Strip to choose "a body that will serve as a self-governing authority". Palestinians had unsuccessfully sought a settlement freeze and such elections from the outgoing government led by the Likud party.

Mr Rabin said he was optimistic he would be ready to present a Labour-led coalition government to parliament when the Knesset resumes in mid-July. Peace negotiations are tentatively set to resume in Rome at the end of July.

Final official results from Tuesday's general election showed Labour's total in the 120-seat Knesset has slipped to 44 from the projected 45. But in alliance with Meretz, a minority pro-peace grouping, and with the support of small Arab parties, Mr Rabin can still command 61 seats.

Labour officials said yesterday they also expected two ultra-orthodox religious parties to join the coalition. Likud, which won only 32 seats, is set for opposition for the first time in 15 years.

Mr Rabin had previously said he would divert the estimated \$1.6bn (£680m) the pre-

vious government spent on settlements to investment inside Israel "proper". Yesterday, he said he would impose a "freeze on new settlements in areas I call political settlements" and remove incentives for the settlements, such as preferential mortgage subsidies. "I'm going to cut all the government money budgeted beyond what normal people get."

He hoped this would facilitate Israel receiving \$10bn in US loan guarantees blocked because of Likud's refusal to freeze settlements. However, Mr Rabin repeated that "political" settlements did not include those in the Jordan Valley, the Golan Heights or the Jerusalem area. He would decide on his policy towards these later.

No change would be sought in the format of the current Middle East peace negotiations, but he would change the content. He gave no details beyond saying he supported interim arrangements in the West Bank and Gaza Strip as envisaged in the 1979 Camp David accords with Egypt. This would include elections for Palestinian representatives to negotiations and a Palestinian self-governing authority.

Likud yesterday was digesting the decision by Mr Moshe Arens, the defence minister, to retire from politics. He was considered a leading contender to succeed Mr Yitzhak Shamir, the prime minister, who is also expected to step down soon as party leader. Mr Arens' departure may improve the chances of Mr Benjamin Begin, son of the late Menachem Begin, Likud's first leader.

## Industrial output tumbles in Japan

By Steven Butler in Tokyo

JAPAN'S industrial output plummeted in May by 8.7 per cent compared to a year ago, the most severe year-on-year decline since 1975, the Ministry of International Trade and Industry said yesterday.

However, it was insufficient to encourage any drop in the high levels of inventories, which rose by a seasonally adjusted 0.4 per cent during the month compared to April. Inventories were 6.5 per cent higher than a year ago.

Shipments declined by 1.4 per cent, month-to-month, indicating that final demand is still declining.

The rise in inventories suggests industrial output will decline further in the months ahead as manufacturers cut production to clear the overhang of unsold goods. Yesterday's figures also bring into question the timing of an expected recovery, which the government expects to come in the autumn.

Sales at large-scale stores in Japan rose by 0.3 per cent in May, compared to a year ago, Miti said. However, the increases were concentrated in supermarkets, while department store sales declined by 0.7 per cent. The declines reflected consumer preferences for cheaper goods.

## Standard Chartered suspends key man

By R C Murphy in Bombay and David Barchard in London

THE chief executive of Standard Chartered's Indian operations, Mr Parvash S. Nat, has been relieved from duty until the end of the investigation into India's worst-ever securities market scandal.

This follows the arrest earlier this week of nine people, including two leading brokers in Bombay, and the dismissal of two Standard Chartered securities dealers at its Bom-

bay office. Mr David Gardiner, executive director, corporate banking, will take over until Mr Nat's future is decided.

Standard Chartered, a UK-based international bank, announced on June 12 that it was launching criminal proceedings in India to recover Rs9.9bn (£171m) from brokers and others believed to have defrauded it through the securities market in Bombay.

Last night the bank confirmed Mr Nat had been suspended but declined to com-

ment. His suspension follows an allegation in court yesterday by a lawyer of Mr Arvind Lal, one of the two Standard Chartered dismissed officials, that a cheque for Rs1.6m had been issued by Mr Hiten Dalal, a broker, to Mr Nat's wife.

Mr Dalal was one of the nine people arrested early this week and he and the others are currently petitioning for bail from a special court set up by the Indian government.

The possibility that Mr Nat, one of India's best respected

bankers, may have been involved in the securities market scandal, shocked the financial community in Bombay yesterday.

Mr Nat is a career banker in his fifties who has spent nearly three decades with Standard Chartered, holding senior positions in its operations in India and the Gulf. He was previously the manager of the UAE operation in Dubai.

Standard Chartered has already had to make provisions of \$50m against possible losses

as a result of the scandal. Its total exposure is thought to be around \$100m. The total losses to the nine banks hit by the fraud, are thought to total around Rs30.8bn.

Earlier this month, the Indian government gave itself powers to seize the assets of brokers and others suspected of fraud in order to assist Standard Chartered and other banks recover much of the money owed to them without having to resort to court action.

## Rose garden of the east up for sale

Theodor Troev on quality fears as Bulgaria's valuable rose-oil industry changes hands

WHILE thousands of Bulgarians are out in the fields this month harvesting rose petals - the country's most valuable crop - the state rose oil companies are looking for ways to secure the future of this unique industry.

The rose, known as Rosa Damascena, is the only symbol of Bulgaria's manufacturing which has remained unsurpassed for almost four centuries. The Bulgarian rose attar is still essential to most haute couture perfumes, as well as to some body lotions and pharmaceuticals, because it preserves the scent implanted in the perfume.

Officials from the leading rose oil producing centres - Kazanlik, Karlovo, and Plovdiv - are almost as reluctant to give precise figures on prices or annual output as they were under the old communist regime. Exporters say the current price is about £2,500 a kilo. The Bulgarian attar generally dictates prices on the world market because of its quality. Annual production can be guessed at - the country has about 3,000 hectares of rose fields and from 500gm-1kg of rose oil can normally be produced from one hectare.

Bulgaria and Turkey, its main competitor in this field, are reported to have about 150m rose bushes between them. Other leading producers are Iran, Morocco and China.

Industry observers say Bulgaria is producing more than half the world's attar. It enjoys the right combination of climate and soil in its main rose-growing area, the Valley of Roses, a wind-sheltered valley extending more than 70 miles along the Balkan mountains range. The oil-producing roses grown there flower for only 30 days a year, from mid-May to mid-June, and are picked in the early morning or otherwise the unique aroma disappears.

As thousands of Bulgarians and foreign visitors enjoy the annual festival, industry officials are asking how the political changes in the country may affect the industry.



Oil-producing roses are picked in the early morning to capture the unique aroma

The consequences of restitution of the land to its former owners, which is already taking place, and the future privatisation of state companies, are some of the concerns. The rose oil industry is still 98 per cent state-owned, but the pre-communist owners will have the right to re-claim land once the restitution bill is passed.

Mr Evgen Hristov, president of the Research Institute of the

Rose in Kazanlik, said he was worried over whether new landowners would buy their seedlings from the institute, which controls the country's rose quality. "Our main task is to keep up the quality of the world-famous Kazanlik Rose that we have been selecting for such a long time," Mr Hristov said.

The institute has been state-owned since it was founded in

1907, but its current administration hopes to transform it into a joint stock company with possible foreign participation. Since economic reforms started last year, the institute has become a state-owned limited liability company, self-financed mainly through the sale of seedlings.

A number of foreign companies have shown interest in the cultivation of roses and other

essential oil crops, such as lavender and spearmint. The Bulgarian Rose Company in Kazanlik has been negotiating with Belgian and German partners for the processing of these crops. An Italian businessman visited the Research Institute of the Rose last week to discuss the production of beauty creams based on Bulgarian rose-processed compositions. Pharmachim, a Bulgarian state-owned joint stock company, is the leading exporter of the country's Rose Gold. Fragrance-producing companies, such as the Swiss-French Givaudan-Roure, the American IFF (International Flavours and Fragrances), the Dutch-British Kuest, the French Charabot, or the British-American Bush Boac Alan are some of its traditional customers. Such companies then deal with the top perfume manufacturers and Bulgaria's attar finds its way worldwide and back to its country of origin as an essential ingredient of Tosca, Opium, or Carverra, to name but a few of the perfumes.

The Bulgarians, who badly need foreign currency for their ailing economy, say they welcome western partnership. They are still cautious, however, when it comes to direct foreign investment and partnership in their most prestigious industry. American companies have been trying to invest in the cultivation of roses, provided there would be offers to buy all the rose oil produced. Bulgaria has been reluctant to make such a deal for fear of over-dependence on one client and loss of its traditional European markets.

Mr Laliy Chavdarov, production manager of the Kazanlik institute, said he believed strict controls would have to stay as the industry opened to private and foreign investment.

"Such central control may not seem to correspond with the free market principles, but otherwise profit-hungry private companies may ruin the image of our rose oil with attempts to sell sham products," he said.

## US warned on foreign company tax

By George Graham in Washington

PROPOSALS for increasing taxes on foreign companies operating in the US have drawn a sharp attack from the Organisation for Economic Co-operation and Development, the Paris-based grouping of the main industrialised countries.

Joining criticism from several individual European countries, the OECD says the proposals, contained in a draft bill put forward last month in Congress and endorsed this week by Mr Bill Clinton, the presumptive Democratic presiden-

tial candidate, would force the US to violate its tax treaties with other countries.

Mr Jean-Claude Paye, OECD secretary general, has written to Mr Nicholas Brady, US Treasury secretary, to warn that the bill, in its present form, "could have a damaging effect on the future development of world trade and to the long-run interests of the US".

The OECD committee on fiscal affairs, which brings together representatives of the tax administrations of the 24 member countries, complained particularly at a meeting this week about a measure to tax

foreign companies as if their profit margin on gross receipts were at least three-quarters of the industry average, regardless of whether or not they actually made a profit.

This would be a serious breach of the OECD's rules on transfer pricing and could violate the non-discrimination article of some tax conventions, the committee said.

It also singled out measures to limit tax treaty benefits to qualified residents of the treaty country. This could hit, for example, a British subsidiary of a Dutch company.

The tax measures form part

of a bill proposed by Mr Dan Rostenkowski and Mr Bill Bradley, the Democratic and Republican leaders of the House of Representatives and are designed to help pay for \$1bn of tax relief for US-based multinational corporations.

Aides to the two congressmen emphasised that they do not intend to bring it to a vote this year, but hope by floating a number of ideas to develop a consensus around measures to be included in a tax package next year.

"The bill is very much a discussion draft," one aide said.

## Challenge to German abortion law

By Quentin Peel in Bonn

OPponents of a liberalised abortion law in Germany will challenge it in the constitutional court in Karlsruhe, following a clear majority vote in favour in the Bundestag early yesterday morning.

The Roman Catholic church also promised to continue its campaign to prevent the law being put into effect.

The compromise agreed yesterday by a vote of 357-284, after 14 hours of debate and two hours of voting, would allow a pregnancy to be terminated up to 12 weeks from conception, provided the mother had been given formal counselling at least three days before the operation.

An attempt by a majority of the Christian Democrats and Christian Social Union in the Bundestag to pass an alternative, which would in effect maintain the present highly-restrictive West German abortion law, failed to gain the necessary absolute majority.

A new law was necessary following German unification, to reconcile the virtual abortion-on-demand in east Germany with the western prohibition, unleashing a stormy two-year long debate.

## CIS leaders fail to agree on currencies

By John Lloyd in Moscow

A MEETING of heads of the Commonwealth of Independent States yesterday failed to agree on crucial procedures to establish separate currencies. Disagreement between Russia and Ukraine was blamed for the failure to sign an agreement on the most critical of economic issues between the republics.

Mr Alexander Granberg, the economic adviser to Mr Boris Yeltsin, the Russian president, said last night that the Ukrainian delegation had "put in doubt" the arrangements for transferring cash roubles to Russia when Ukraine introduces its own currency in three months time.

Mr Granberg said that the only price Russia was prepared to pay for the roubles was "the cost of printing them".

The disagreement is significant because the issue had been said to have been agreed between Mr Yeltsin and Mr Leonid Kravchuk, the Ukrainian president, in talks earlier this week at Dagomys on the Black Sea coast. Mr Yegor Gaidar, the Russian acting prime minister, said after the meeting that the issue would be discussed again in Moscow on July 6, where he hoped an agreement would be signed.

A deal between the republics on which would introduce their own currencies and which would stay within the rouble zone is now regarded by Russia as crucial to the stability of the rouble.

Mr Sergei Glaziev, the deputy foreign economic relations minister, said yesterday that other republics were simply expanding credit - extended by the Russian Central Bank - to compensate for the extra price of goods provided by Russia.

Russia plans to unify its exchange rate on July 1, and to move towards a convertible currency in September. Mr Glaziev said the unification of the present three exchange rates will mean a saving to the Russian budget of Rb500bn over the remainder of the year as subsidies paid to keep the rouble artificially high for the sake of exporters are cut.

July 1 will also see the introduction of import taxes at a basic rate of 5 per cent, the lowering of some export duties and the auctioning of export licences.

Western bankers have agreed another 90-day deferral of the principal on the commercial debt owed by the former Soviet Union, writes David Waller from Frankfurt.

## Supreme Court shows liberal face

By Jurek Martin in Washington

THE US Supreme Court ruled yesterday that airport authorities may ban religious and other groups from soliciting for money at their facilities, but may not stop them handing out literature.

In another important ruling, the court found that the state of Mississippi still had not done enough to rectify its history of racial segregation in higher education.

Both verdicts are being minutely examined for hints as

to how the court will rule on the highly controversial Pennsylvania abortion case, a judgment now expected on Monday.

A common conclusion is that the court is not proving as reflexively conservative as suggested by its political heritage, which has been accentuated by the appointments to the bench of presidents Reagan and Bush.

However, there were reports yesterday that the abortion ruling had been delayed until Monday to permit either Justice John Paul Stevens or

Harry Blackmun, who have supported freedom of choice, to write even more blistering dissents over the weekend.

The airports ruling was on a case in which the Hare Krishna sect had challenged a New York ban on their presence at airports.

Passengers at many US air terminals have to run a gauntlet of appeals from religious, charitable and political groups, with a background public address announcement saying that the airport authority was in no way approving of such activities.

The judgments show how finely the court is now divided. It issued two rulings, the first, banning solicitation, determined that an airport is not "a public forum" under the constitution, the second found that to ban leafleting would be to abridge the constitutional protection of free speech.

Justice Sandra Day O'Connor, the first woman on the court and an increasingly influential swing vote, produced laughter in court yesterday when she declared "if anyone can figure that out, they're doing well".



## NEWS: THE LISBON SUMMIT

## Lisbon fails to solve central bank squabble

By David Buchan in Lisbon

A PLAN to site the headquarters of the European Central Bank in Bonn and its operating arm in London looked likely to founder last night.

The plan by the Portuguese presidency is the first attempt at a solution to emerge publicly in more than two years. However, it puts into play the issue of how the Community is to find a home for six planned new institutions. The issue might be resolved at the next summit in Edinburgh in December.

In advance of last night's discussion by EC leaders of sites, Mr Dieter Vogel, the German spokesman, said it was unacceptable for the central bank's "nameplate to be in Bonn, and the real work to be done elsewhere". Publicly, the UK matches Britain in wanting the whole bank for itself, but in private UK officials admit London would be quite content to get the ECB's foreign exchange arm.

The third element in Portugal's compromise on the bank - a Dutch head for the bank - also failed to win the backing of the Dutch government.

It believes its case for the bank going to Amsterdam was strengthened when that city lost out to London as the site of the European Bank for Reconstruction and Development.

The key to resolving the deadlock has been a deal between France and Belgium over the European Parliament. Portugal has suggested a pledge that the French city of Strasbourg would continue to host a minimum of 12 plenary sessions of the parliament, but that MSFs could hold up to five "extraordinary" full sessions in Brussels, where many deputies find it convenient to be close to other EC bodies.

Other elements of the Portuguese package would place the EC's planned environment agency in Copenhagen, its trademark office (agreed in principle a decade ago) in Madrid, its training foundation (for eastern Europe) in Berlin, and a mooted drugs agency in Lisbon.

Putting the environment agency in Copenhagen would be a clear sop to the Danes, but were Denmark eventually to have off from the Community, Milan could be a candidate for the agency.

More democracy and openness will tempt Copenhagen back into the European game

## Denmark's strategy to rejoin the team

By David Gardner in Lisbon

ONLY more open and accountable decision-making will enable the Community to continue moving forward as 12, Mr Uffe Ellemann-Jensen, the Danish foreign minister, said yesterday.

Denmark would wait to the end of the year before deciding whether to put new proposals to its voters, who narrowly rejected the Maastricht treaty on June 2, triggering a crisis in the EC.

"What we need is more democracy in the institutions, more open decision-making," Mr Ellemann-Jensen said. "We hope that this will lead to a new landscape, where new decisions can be taken."

He said there would have to be "a much clearer situation" on how EC decisions are taken before Denmark could "make concrete suggestions" about how to resolve the crisis.

He would not be drawn on whether his government would hold a new referendum, but said that "political leaders should have the courage to



SUMMIT KICK-OFF: Portugal's prime minister Anibal Cavaco Silva comments on the football scarf of Danish foreign minister Uffe Ellemann-Jensen, while right Germany's Chancellor Helmut Kohl holds up his fingers to indicate that his team would win 3-1

propose changes to their electors."

In saying this he appeared to be hinting at the possibility of renegotiating aspects of Maastricht, a possibility so far firmly ruled out by all 12 governments, including Denmark.

Mr Ellemann-Jensen was in shuffling form, arriving at the summit with a Danish football

team scarf and portable television before last night's European championship final against Germany. "If you can't join them, beat them," he said, predicting a 2-1 victory over Denmark's powerful neighbor.

Fear of being smothered by Germany is said to have been one reason why Danish voters

turned against the Maastricht treaty, opposition to which has grown as the Danish football team's surprising run of victories has continued.

Moving back to the EC playing field, Mr Ellemann-Jensen said: "The 11 are playing and we are sitting on the bench right now, but I hope we'll soon be back on the

field."

Meanwhile Mr Poul Schlüter, the Danish prime minister, told his colleagues inside the summit there needed to be much greater democratic control over the decisions taken in Brussels. This meant not only decisions taken by the Commission but by the 12 in the Council of Ministers.

## Germans in deal on Maastricht

By Quentin Peel in Bonn

THE constitution committee of the German parliament yesterday agreed on a new clause on European union to be inserted in the German constitution, opening the way for ratification of the Maastricht treaty.

The German government, however, has reserved its position, and may yet seek to water down the clause, which would significantly increase the powers of the 16 federal states in future EC negotiations.

The compromise requires any future transfer of sovereignty to the European Community to be approved by the 16 states in the Bundesrat, the upper house of the German parliament. That needs a two-thirds majority.

More controversially for the government, it also means involving the states in day-to-day negotiations in Brussels. The government would have to heed the views of the states wherever their authority was affected.

The amendment also includes provision for non-German EC citizens to vote in local elections, and for the powers of the German Bundesbank to be transferred to a European central bank.

## Poorer states face wait for money

By David Gardner in Lisbon

THE EC's poor southern members and Ireland appeared last night to be losing their battle to win firm commitments now from their richer partners on increased financial transfers from the Community budget.

Britain and Germany gained majority support for postponing concrete sums until the Edinburgh summit in December, although both insisted that the commitment to "cohesion" reached at Maastricht still stood.

Fears that delays in agreeing the so-called Delors II finance package could sour public support for Maastricht in the southern countries mean this summit is likely to reaffirm the EC's commitment to cohesion.

In February, Mr Jacques Delors, European Commission president, proposed increasing EC revenue by a third from next year to 1997. This would mean a rise in the budget from Ecu66.7bn (246.82bn) now to Ecu87.5bn (361.42bn) in 1997, at 1992 prices, yielding an increase from Ecu18.6bn to Ecu29bn in structural and cohesion finance for the poorer member states.

There is wide consensus on the need to step up spending significantly on foreign policy and aid. But Mr Delors appears to be backing down on seeking similar increases for research and training, as part of a more

co-ordinated EC policy to sharpen industry's competitive edge.

Faced with unyielding opposition led by Britain and Germany yesterday, he suggested postponing the overall increase in revenue for two years, with his original proposals coming into effect in 1995-96.

A majority was crystallising around this compromise last night, with Spain, Ireland, Greece and Portugal (with some support from France) holding out against it.

Mr Felipe Gonzalez, Spanish prime minister, said the original Commission proposals were the minimum Spain could accept. Postponement to 1999 would give the impression that economic and monetary union - scheduled for 1997 or 1999 at the latest - was being postponed.

President François Mitterrand said "we have to fulfil all the undertakings of Maastricht, but especially the structural commitments."

The UK, which takes over the EC presidency next week and will have to conclude the debate on EC future financing, said there was still Ecu6.7bn in headroom under the existing budgetary ceiling, without rising it by a third. It added that further cuts in the farm budget, and the net contributions of new entrants to the EC from the Nordic and Alpine countries, would add still further financial flexibility.

## Major sets out British priorities

By Philip Stephens, Political Editor

A DIRECT link between the Community's prospects of rescuing the Maastricht accords and Britain's determination to decentralise EC decision-making was drawn yesterday by Mr John Major.

Sketching out Britain's priorities for its presidency, the UK prime minister said EC leaders must respond to the growing anxieties of European voters about the direction of the Community.

His comments came as British officials said the Danish vote against Maastricht had left Mr Major with an important coincidence of interest between his ambition to decentralise and enlarge the community and his partners' concern to rescue European union.

Mr Major, who underlined his personal commitment to Maastricht, suggested that its rejection by the Danish electorate reflected much wider fears across Europe about the creation of a Brussels "monster" out of touch with popular aspirations.

Brushing off the threat of rebellion by Conservative MPs, he insisted that his government would meet its obligation to ratify Maastricht.

In a contribution to the summit designed to balance his determination to keep Britain at the "heart of Europe" against the concerns of Conservative Eurosceptics at home, Mr Major set out priorities for the British presidency.

The first was to give "life" to the concept of subsidiarity - the devolution to national governments of powers which had been unnecessarily assumed by Brussels. He told the summit that the Commission should be obliged to give more effective justification for all new legislation and should consider ditching unnecessary or outdated directives.

He suggested that EC governments should supplement that drive to reduce public concerns about the "remoteness" of the Community with much greater efforts to strengthen links between national assemblies and the European parliament in Strasbourg.

In parallel the Community should demonstrate its commitment to a wider Europe by finalising a negotiating position for the first batch of Efta applicants to the Community.

Mr Major said he was ready to meet half-way the insistence of the southern EC states that negotiations on enlargement should not start until the Community had established the "cohesion" fund envisaged at Maastricht.

British officials said the prime minister's refusal to accept an immediate increase in the Community's financing ceiling in no way undercut his readiness to see the establishment of a cohesion fund. Mr Major's position was that there was ample room within the existing constraints to finance cohesion payments for at least two years.



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## NEWS: UK

Ex-finance director also to be questioned

## SFO summons Kevin Maxwell

By Raymond Hughes, Law Courts Correspondent

MR KEVIN MAXWELL and Mr Robert Bunn, former finance director of the Maxwell private companies, have been summoned to interviews by the Serious Fraud Office, the High Court was told yesterday.

Both have been served with notices under section 2 of the 1987 Criminal Justice Act, the court heard. The section gives the SFO power to compel "the person under investigation" or "any other person" believed to have "relevant information" to attend for questioning and to produce documents.

The SFO later refused to confirm or deny that the notices had been issued, saying it did not comment on "operational matters". Peter & Peter, Mr Kevin Maxwell's solicitors, refused to say if he had received a notice.

Mr Bunn's solicitor, Mr Jeffrey Bayes, of Burton Cope-

land, confirmed that a section 2 notice had been served on his client on Wednesday. The SFO had given advance warning of it, Mr Bayes said, adding: "It was done in an extremely civilised manner."

He declined to say when Mr Bunn was required to go to the SFO's offices to be interviewed, other than that it would be "in the coming week".

Service of the notices was mentioned when Mr Ian Maxwell applied unsuccessfully for postponement of a pending High Court case against him.

Immediate judgment is to be sought against him and Kevin Maxwell on damages claims made against them over missing Maxwell pension funds by the provisional liquidators of Bishopsgate Investment Management, from which more than half the £66m pension money may have disappeared. The liquidators, Robson Rhodes, will ask the court for summary judgment against the

brothers on the ground that they have no defence to the claims. The hearing against Mr Kevin Maxwell will be on July 20, that against Mr Ian Maxwell three days later.

The liquidators issued a writ against Mr Kevin Maxwell in December claiming £450m damages. Their writ against Mr Ian Maxwell, claiming unspecified damages, was issued on May 8.

The writs accuse the brothers of breaches of their fiduciary duties and duties of care as directors of BIM.

Yesterday Mr Johnny Veeder QC, for Ian Maxwell, asked the High Court to postpone his case until September. He said Mr Maxwell was "fighting on too many fronts" and would not have time to prepare for a hearing on July 20.

Also, Mr Veeder said, Mr Kevin Maxwell and Mr Bunn had been served with section 2 notices and it was "inevitable" that a similar notice would be served on Mr Ian Maxwell.

## Ministers speed moves to change pension law

By Ralph Atkins and Alison Smith

THE GOVERNMENT has responded to pressure over the Maxwell affair by bringing forward to next week the introduction of greater legal powers for pensioners whose pension funds are wound up.

Social security ministers are expected to announce on Monday the implementation of provisions in the 1990 Social Security Act that will make any deficiencies in pension funds a debt upon the employers.

Implementation had been delayed partly because of fears that, in a recession, the extra burden on companies might push some into bankruptcy.

The move has been demanded by Tory and Labour MPs campaigning on behalf of Maxwell pensioners and was hinted at by Mr Peter Lilley,

the social security secretary, in a Commons statement earlier this month.

Ministers are also expected to announce next week the membership of the independent commission to review pension law, led by Professor Roy Goode.

The names of members of the trust set up to solicit contributions on behalf of Maxwell pensioners and headed by Sir John Cuckney are also expected soon.

The social security department hopes soon to announce further donations from institutions that benefited financially from dealings with Robert Maxwell.

The greater legal powers for pensioners would help former Maxwell employees only if the pension funds affected went into administration, but they could be of wider significance for other vulnerable pension

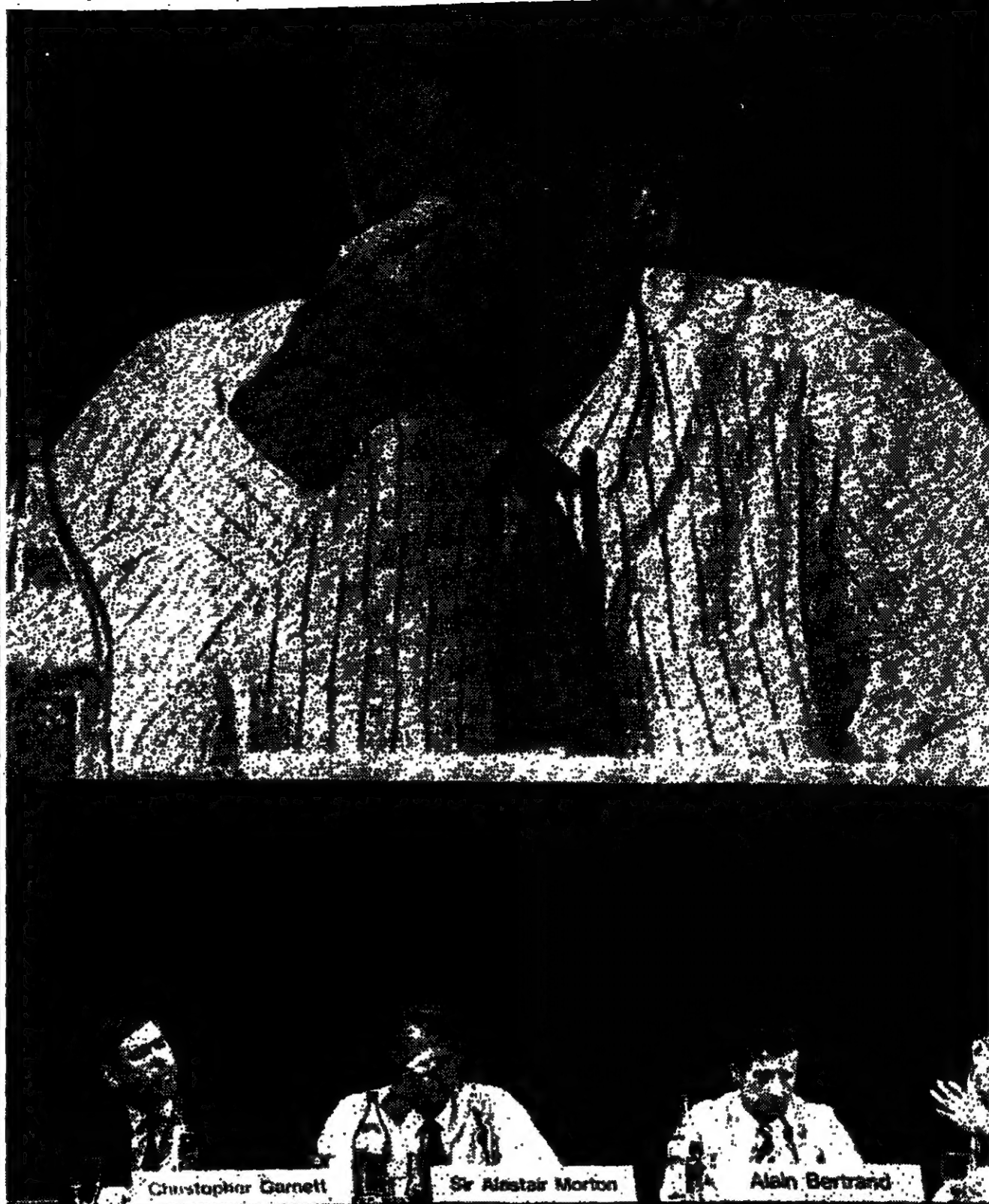
schemes. Pensioners will have rights as official creditors to funds that are wound up.

The government hopes the Maxwell pension funds can remain solvent and earlier this month announced £2.5m to "drip feed" the worst affected.

Mr Lilley said then that the implementation of the 1990 provisions "may be of marginal benefit to some Maxwell pension schemes". He appears to have rejected opposition MPs' calls for pensioners to become preferential, rather than unsecured, creditors.

Meanwhile, Mr Michael Meacher, shadow social security secretary, is keeping up pressure on the government over its plans for a special unit to recover pension fund assets.

He has asked Mr Lilley to set out the unit's objectives in terms of the amount of the assets it expects to recover within a certain time.



Double vision: Sir Alastair Morton, Eurotunnel's chief executive, made use of a video screen when briefing shareholders yesterday on the progress of the Channel link project, Andrew Taylor writes.

Earlier there was chaos, angry scenes and standing room only as an army of shareholders trekked to Folkestone. About 900 had registered to attend the briefing at Less Cliff Hall, before visiting the tunnel construction site. In the event 1,500 people turned up, causing frayed

tempers at London's Charing Cross station, where trains had been booked to take shareholders to Folkestone. Mr Derek Foster, a 52-year-old retired local government officer from York, said: "If this is how they organised transporting shareholders to the tunnel then God help us when it opens to the general public."

Eurotunnel apologised for any inconvenience but said people had been asked to register by telephone before attending. The meeting, however, was good-hu-

moured. British shareholders in the main have been loyal and criticism of Eurotunnel management was sparse in spite of the recent slide in the share price. Mr Matthew Kemp, a 36-year-old systems programmer for Commercial Union from Surrey, said: "Obviously I would prefer the share price to be higher but I am pleased with the progress that construction is making and I am sure it will be a success in the long term."

Picture: Ashley Ashwood

## RiverBus funding causes complaints

By John Authers

CANARY Wharf tenants showed further signs of restiveness yesterday, but there was no sign that any companies would follow Texaco in delaying relocation to Canary Wharf.

Anger is focused on payments for the RiverBus service on the Thames.

The administrators have refused to underwrite the service's losses after Tuesday. A consortium of Docklands interests is planning measures to keep the service for another three months.

Several Canary Wharf tenants have joined the scheme while voicing strong discontent. One tenant said yesterday: "If for any reason the

funding for the RiverBus fails, which relies on the administrators putting their share into the pot, then on July 1 there are a number of people who will see the administrators as being in breach of contract. Next week is the time when we will see action of some sort or other."

Several tenants are considering their position, but none appeared yesterday to have decided to follow Texaco's move, which was interpreted as an attempt to put pressure on the administrators.

Another comment was that the estate was not being maintained to the same standard as before the end of May. The development's anchored tenants were, however, all expected to stay in place.

## Cadbury report criticised

By Andrew Jack

THE CADBURY report on corporate governance places too much emphasis on non-executive directors and fails to stress the role of internal auditors, speakers at the Institute of Chartered Accountants annual conference in Eastbourne said yesterday.

Mr Mick Newmarsh, chief executive of Prudential, the UK's biggest life assurance company, said Cadbury had side-stepped the issue of requiring companies to report on internal controls. He said internal auditors had an important role to play in financial reporting, but required clear statements of responsibility and effective reporting lines.

Mr Wilson also launched a strong attack on the notion of intangible assets such as brands on the balance sheet.

He said brand valuations were clearly subjective, and that the more serious there is for differing accounting treatments applied to the same facts, the less useful financial reports would become.

Mr Brandon Gough, senior partner at Coopers & Lybrand, said auditors should consider radically expanding the scope of their work while fighting to reduce the extent of their liability.

He was "stung" by allegations that firms had surrendered professional integrity for commercial gain, and concerned at the costs of litigation against auditors.

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## Call to end 24-hour GP cover deplored

By Alan Pike, Social Affairs Correspondent

MRS Virginia Bottomley, health secretary, delivered determined messages to doctors and dentists yesterday.

She told the conference of the National Association of Health Authorities and Trusts in Harrogate she regretted a decision by family doctors this week in favour of ending their responsibility for 24-hour cover.

She was willing to explore with British Medical Association leaders ways of improving present cover arrangements, but said she wanted to build on rather than dismantle the tradition of 24-hour commitment. "Access to a family doctor 24

hours a day, in cases of urgent need, is one of the hallmarks of British general practice," she said. "I do not want to see it put at risk."

Mrs Bottomley addressed the dispute over dentists' fees. Dentists are balking on action over a proposed 7 per cent reduction in fees which the government says is necessary because earnings are exceeding those recommended by the dentists' pay review body.

Mrs Bottomley said she had written to health service authorities reminding them of their powers to directly employ salaried dentists if necessary. The authorities had a front-line role to maintain an NHS dental service and she expected them to take "whatever steps they must".

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March 31, 1992	April 1, 1991—March 31, 1992
(in millions of yen)	(in millions of yen)
<b>Assets</b>	<b>Income</b>
Cash and due from banks	Interest income
Call loans	Interest on loans and discounts
Commercial paper and other debt purchased	Fees and commissions
Trading account securities	Other operating income
Money held in trust	Other income
Securities	Expenses
Loans and bills discounted	Interest expenses
Foreign exchanges	Interest on deposits
Other assets	Fees and commissions
Premises and equipment	Other operating expenses
Customer liabilities for acceptances and guarantees	General and administrative expenses
<b>Total assets</b>	Other current expenses
	Income before income taxes and others
<b>Liabilities</b>	Extraordinary profit
Deposits	Extraordinary losses
Certificates of deposit	Income before income taxes
Call money	Provision for income taxes
Bills sold	<b>Net income</b>
Borrowed money	Retained earnings brought forward from previous year
Foreign exchanges	Interim cash dividends
Convertible bonds	Addition to legal reserve
Other liabilities	<b>Total appropriated retained earnings at year end</b>
Reserve for possible loan losses	
Reserve for retirement allowances	
Other reserves	
Acceptances and guarantees	
<b>Total liabilities</b>	
<b>Stockholders' Equity</b>	
Common stock	
Capital surplus	
Legal reserve	
Earned surplus	
Net income	
<b>Total liabilities and stockholders' equity</b>	

Notes: 1. Accumulated depreciation of premises and equipment: ¥145,595 million  
2. Net income per share: ¥9.53  
3. All amounts are rounded down to the nearest million

## Labour clash over selection

By Alison Smith

THE TWO contenders for the Labour leadership clashed last night after the decision this week by the party's National Executive Committee to postpone the introduction of a one-member, one-vote selection system for parliamentary candidates.

Mr John Smith, the odds-on favourite to become leader next month, insisted that Labour "is capable of making the changes that are necessary" to win the next general election. The party would move to adopt one member, one vote for candidate selection, change the system of electing the leader and modernise its relationship with the unions.

Mr Bryan Gould, the shadow environment secretary, warned that unless Labour could shake off its preference for "old certainties" and set a new agenda, it ran the risk of losing the next election.

He said: "Unless we can break through this torpor and consciously set out a convincing, radical prospectus for the voters of 1996, we are in danger of facing a further defeat."

In a leadership debate with Mr Gould, Mr Smith said Labour needed to show its commitment to practical, positive freedoms and to develop a strategy for "citizenship and community".

"We must offer a path to personal empowerment by encouraging responsibility and participation in a democracy in which power is more widely shared," he said, in an oblique attack on the more "consumerist" nature of the government's Citizen's Charter.

He accused the Tories of trying to present decisions as determined by the market when they were really about political will - for example, their moves to introduce market mechanisms to the health service. The attempt to "take the politics out of politics" would fail, he said, because it ignored the power of vested interests and assumed that markets always worked.

French fishermen are alleged to have threatened the crews of three British fishery patrol boats and to have damaged their nets in a dispute over fishing rights. Two French trawlers involved were on

their way back to their home port of Concarneau yesterday. Two of the British boats returned to the disputed waters, 16 miles north of the Scilly Isles, to check the damage to their nets and recover what was left.

The minesweeper HMS Brecon, whose crew boarded one of the French trawlers, was heading back to Plymouth. A Royal Navy patrol vessel, HMS Alderney, plans to remain in the area as long as the fishermen are there.

## Stores still set to open this Sunday

THE House of Lords judgment this week, which strengthened local councils' powers to issue injunctions to prevent Sunday trading, is unlikely to result in big changes this weekend, Bethan Hutton and John Thornhill write.

Most of the 400 local authorities in England and Wales have not sought injunctions to prevent retailers opening this Sunday.

Westminster council, which covers some of the country's busiest shopping districts, said that it would take no action this weekend and it would be at least the middle of next week before a decision was taken on whether to pursue offenders.

Reading council said it feared injunctions would lead to appeals and would follow the same tortuous legal path as before.

Safeway, the supermarket chain owned by the Argyll Group, said the ruling was a technical issue solely relating to cross-understandings on compensation to be overruled.

The judgment has not clarified the position regarding Sunday trading, which remains confused and unclear, it said.

This Sunday, Safeway, Tesco, Asda, and J. Sainsbury are also set to open the same stores they regularly trade from on Sundays. Most DIY chains said it would be "business as usual".

## Sales boost for unit trusts

UNIT TRUSTS this year enjoyed their best net sales in May since 1987 while total funds under management reached an all-time high of \$94.5m, according to the Unit Trust Association.

The association pointed out that May's net sales of £235m were greater than the net inflow of £179m recorded by building societies in the same month, and suggested that private investor confidence was finally improving after the damage done by the stock market crash of October 1987.

## Newcastle quay deal signed

THE AGREEMENT for the £183m development of Newcastle upon Tyne's East Quayside was signed yesterday by Mr John Redwood, inner-cities minister.

The deal is between Tyne and Wear Development Corporation and Newcastle Quayside Developments, a wholly owned subsidiary of Amec, the construction, engineering and development group.

## Scottish clubs plan super league

THE TOP five Scottish football clubs yesterday announced plans for an eight-club super league.

Glasgow Rangers, Celtic, Hearts, Aberdeen and Dundee United endorsed a report recommending radical changes to the Scottish football club system.

## Dismissed dockers win compensation

ONE HUNDRED Port of London dockers dismissed during the 1989 national dock strike have won a total of £1.03m compensation after recent settlements, the TGWU general union said yesterday.

The figure does not include higher amounts won by 19 shop stewards found by an industrial tribunal to have been unfairly dismissed.

## Call for action over gas pay offer

UNION leaders are recommending 45,000 white-collar workers at British Gas to take industrial action after rejecting a 4.3 per cent pay offer.

Meanwhile, the UCU communication workers' union yesterday rejected a BT offer of 4.1 per cent to 20,000 telephone operators.



## Major to study report on top pay

By Alison Smith

THE CONTROVERSIAL report on pay rises for senior civil servants, military personnel and judges was received by Downing Street yesterday and will be considered today by Mr John Major, the prime minister, on his return from Lisbon.

The recommendations by the Top Salaries Review Body follow the first thorough reappraisal of the salaries of those groups of public servants for seven years, and is said to recommend substantial increases.

Originally the aim had been to take the report at cabinet next Thursday, but it has been agreed that the Treasury should have longer to prepare an analysis of the implications, not least for the present round of negotiations on public-sector pay.

The report is now expected to be discussed at cabinet the following week, but cannot be delayed until the cabinet discusses public spending - as is expected in mid July - because the government's decision must be announced to MPs before parliament is dissolved for the summer.

Although by convention the

decision is announced in a written statement, there has to be a parliamentary debate to approve the consequential change to the Lord Chancellor's salary, which is linked to that of the Lord Chief Justice.

In 1986, the last time there was a thorough review, increases of up to 46 per cent were recommended, and in the debate that followed the government's majority of more than 100 was slashed to just 17.

Mr John Townend, the chairman of the Tory backbench finance committee, has been among the Conservative MPs who have already made clear their concern that the pay rises should not be substantial when the economy has yet to come out of recession.

Opposition MPs have tabled a Commons motion rejecting the idea of comparability between senior posts in the public and private sectors because of the job security enjoyed by public servants.

MPs have also made clear that they would resent any attempt by ministers to link the handling of this report with the separate study by the review body, which is proposing an increase in MPs' allowances for office costs.

## City cleans up after IRA bomb

THE IRA claimed responsibility yesterday for the latest bomb attack in London's financial centre, Bethan Hutton writes.

The bomb - left under a car in Coleman Street, near the Guildhall, on Thursday evening - caused minimal disruption to businesses in the City yesterday. No one was injured in the blast, but the bomb left a crater in the street, and glass

was shattered in surrounding buildings.

At Slaughter and May, the solicitors whose offices were worst hit, work was continuing as usual. The company - which had already taken precautions against terrorist attack - said damage was restricted to glass in two meeting rooms and five offices, and a clean-up would make them usable by Monday.

## Threat to timeshare credit licences

By Guy de Jonquieres, Consumer Industries Editor

THE Office of Fair Trading threatened yesterday to revoke the consumer credit licences of six companies associated with Club Riviera, Britain's largest holiday timeshare group.

This is the first time the OFT has threatened such action against a timeshare company. Its action follows complaints about advertising, marketing and sales practices.

Loss of consumer credit licences would deprive the companies of the right to arrange financing for buyers of their properties.

Three of the companies, Club Riviera (UK), Club Tenerife Sales and Regency Palms Sales, are subsidiaries of the Manchester-based Riviera group. The group has management contracts with the three other companies, Ryefix, Canary Islands Holiday Club and Marbella Beach Club, which are registered in the Isle of Man.

The OFT has given the companies, which specialise in selling timeshare properties in Spain and the Canary Islands, three weeks to argue against the proposed revocation.

Mr Simon Clarke, Club Riviera's sales and marketing director, said yesterday that he did not know why the OFT was threatening action but would seek further information.

Last September, Club Riviera and Club Tenerife were convicted by Staffordshire magistrates on charges of making false advertising statements.

In 1989 Club Riviera was fined by the Timeshare Developers' Association after allegations that the company was selling flats on the Costa del Sol that were being built without planning permission.

About 90 people complained to the association and the OFT that they paid deposits for flats that were never completed.

## Farewell for Scotland's men of steel

James Buxton on the closure of Ravenscraig and the 800 people made redundant this week

ALLAN RODGERS looks angrily back at the Ravenscraig steel plant. "It's criminal to close it," he says. "It's the best steel plant in Europe. I committed myself to British Steel when I left school and though people told me I was crazy I thought I really had a secure job."

Rodgers, 30, is one of the men who this week have walked out of Ravenscraig for the last time. The final batch of steel slabs was poured on Wednesday. The plant no longer casts a red glow in the night sky outside Glasgow. Today 800 of the plant's last 1,200 workers become redundant.

The closure ends the 35-year life of one of the best known and most controversial industrial plants in Britain. As the strong, fit men, mostly in their 30s or early 40s, walk out, their first emotion is anger rather than anxiety about their future.

"Tell Black Bob Scholey [British Steel's chairman] he's a bastard," says one of the plant's maintenance crew. A man who worked in the drawing office says: "This is only happening because it's in Scotland."

Many still seem baffled that British Steel should want to shut the enormous complex which dominates Motherwell. They see a plant with skills and equipment to make types of steel which, they claim, cannot be produced in British Steel's other plants.

In the past few years the labour force has done everything that was asked of it and repeatedly won company medals for breaking productivity records. One middle manager says: "They've done the dirty on us."

The plant is closing because British Steel needs to make savings in a severe downturn and is concentrating production at its three larger plants in south Wales and Teesside.

"Get on with the future? Aye, but what future?" asks George Quinn, a senior union convenor at the plant. "It's not as if there's some great employer out there waiting to employ the men."

That is true, but the Lanarkshire Development Agency, set



Reduced to tears: Archie Kirkwood, a local man, mourns the closure of Ravenscraig yesterday

up last year under the umbrella of Scottish Enterprise, is now leading a big recovery programme: last year it spent £50m on environmental projects, training and business development, most of it in the north Lanarkshire area worst hit by the closure of Ravenscraig and the nearby

Clydesdale tube mill. It will spend the same amount this year.

The EC recently approved the creation of an enterprise zone on 500 acres of land around Motherwell where incoming companies will receive tax allowances and exemption from business rates.

Archie Bethel, LDA chief executive, says: "These are prime sites smack in the middle of Scotland."

British Rail is locating its Scottish terminal for Channel tunnel freight at Mossend, just north of Motherwell. It will employ 150 people and 2,000 more jobs should be generated

in the adjoining freight village - a complex of warehouses and handling facilities.

Some 4,400 steel workers will have lost their jobs by the end of the year and the knock-on effect of the shutdown is expected to cost a further 5,500 jobs. But as a newly paid-off electrician from Ravenscraig admits coyly outside the Era Bar, just across from Ravenscraig: "There's no one that hasn't done very well out of British Steel. In fact I'm glad it's over. It's been a bombshell hanging over us for years."

The men are receiving redundancy pay averaging £20,000 with a few getting more than £30,000. More than half of them have applied for retraining in an EC-financed programme operated by the LDA, which offers them full pay for a year.

They are being launched into a Scottish economy which, although hardly flourishing, is doing better than many parts of England. Unemployment in Lanarkshire was 13.9 per cent last month, lower than that of Glasgow but well above the Scottish average of 9.3 per cent.

David Ivey, a 33-year-old electrician who worked at Ravenscraig for 17 years, has already taken a job with ScotRail in Glasgow. Another electrician has found a job in a factory in Livingston. But Ivey points out that, being tradesmen, they are easier to employ than the production workers, who need to be retrained. "As you reach 50 you can forget it; you're on the scrapheap," he says.

Sean Patton, a 32-year-old steelmaker, looks cheerful as he heads for a course as a heavy goods vehicle driver. John Mackie, 43, and Ken Hanlin, 44, both senior supervisors, are enrolling on courses in total quality management at a college in Hamilton.

The unanswered question is what happens to the 1,000-acre Ravenscraig site. British Steel and Scottish Enterprise are co-operating over a study of how to reclaim the site and devise uses for the severely contaminated land. The LDA believes reclamation may take 10 years and £200m. British Steel has given no commitment to meeting all or part of the cost.

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## FINANCIAL TIMES

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## Convergence on mediocrity

IF ONE were to encapsulate the message in the latest Economic Outlook from the Organisation for Economic Co-operation and Development, it would be that policy-makers need to get a grip on themselves. Policy is drifting. The legacy of the financial profligacy of the 1980s remains worrying. Equally important are the fiscal problems that the industrial countries are storing up for themselves.

Last year the performances of the major industrial countries diverged sharply, stretching from Japan's impressive economic growth of 4.5 per cent, via Germany's 3.1 per cent, all the way to the US decline of 0.7 per cent and the UK's still deeper decline of 2.3 per cent. This year, by contrast, performance is set to be far more uniform. Unfortunately, it is uniform in its mediocrity.

The OECD believes that the best-performing member of the group of seven industrial countries this year will be Canada, whose economy is forecast to grow at only 2.3 per cent, with the US close behind at 2.1 per cent. Bringing up the rear once more is the battered UK, with economic growth of 0.4 per cent forecast for 1992. Already this looks optimistic. The UK economy may not grow at all between 1991 and 1992.

When vast numbers of households, non-financial businesses and banks have, in effect, bet on another bout of 1970s-style inflation, which - to their credit - policy-makers have not permitted, economic difficulties are inevitable. With about 3½ per cent inflation expected this year in the OECD, as against an average of 12½ per cent in the recession of 1974-75 and 9½ per cent in 1980-82, the disillusionment must be profound. But working through a debt overhang rather than inflating it away, a difficult enough task in any case, is still more difficult with real interest rates as high as today's.

## Financial difficulties

Short term real rates do not seem so high, at least outside Europe. US nominal short rates of below 4 per cent are barely positive in real terms, though those of Japan, at 4½ per cent, still give real rates of nearly 2 per cent. This is quite high enough for an economy facing Japan's financial difficulties, symbolised by the ever-sliding share price index, which closed yesterday more than 50 per cent below its peak in early 1989.

Yet in both the US and Japan, the yield curve - the ratio of short term to long term rates of interest - is at least positively sloped. This is a fairly reliable indicator of the stance of monetary policy and suggests that it is expansionary in both cases.

In western Europe, by contrast, monetary policy is very tight indeed. Not only is the floor for short term rates of interest Germany's 9½ per cent, but the yield curve is still negatively sloped everywhere. In addition, real short term rates of interest range from 5 per cent in Germany to about 7 per cent in France and Italy.

## Monetary policy

So far, so gloomy. But in a much discussed paper, Mervyn King, the Bank of England's chief economist, has argued that investment and much of consumption depend more on long term real rates of interest than on short term ones. Taken to its limits, this would suggest that monetary policy, which works directly on short term rates, is ineffective. But Professor King has a point. Unhappily, it is not as comforting a one as all that.

The real long term rate of interest, which depends on expected rates of inflation for many years into the future, would appear unknown. The British government has, however, done the world the great favour of issuing index-linked gilts, which currently yield 4½ per cent. In a globally integrated capital market, expected real rates of interest should converge, 4½ per cent may, therefore, give no bad indication of the global long term real interest rate.

It seems rather a high real rate of interest during an economic slowdown - well above the normal growth rate of the OECD economies, for example. Why, one might ask, do borrowers have to pay so much? Professor King suggests that higher prospective returns on investment and lower savings are the explanation.

The decline in savings rates has been a striking feature of the performance of the major economies in the 1980s. But in an economic slowdown one might have expected a lower desire to invest to have offset the lower willingness to save. The latest OECD Economic Outlook suggests an explanation: a marked deterioration in the structural fiscal positions of virtually every significant OECD country between 1988 and 1992, Canada being the sole exception.

High long term real rates of interest that are the result of excellent investment opportunities do not imply poor long term prospects for economic growth. But high long term real rates of interest that reflect low rates of savings, in general, and fiscal deterioration, in particular, certainly do. Strong economic recovery may still be possible, at least outside Europe. But the current high real interest rates are also providing a warning about the growth that might follow that recovery. The mediocrity may endure.

They were anxious to be gentlemanly about it," says a British Petroleum official.

The boardroom coup which ousted Robert Horton from the joint position of chairman and chief executive of BP on Thursday was indeed swift and relatively painless. The messy part came in a confrontation earlier this week. But once the news was broadcast to an astonished world, it was all over and the parties to it maintained a dignified silence. This was broken only by Lord Ashburton, the new chairman, who spoke of the board's "great sadness" at Mr Horton's departure.

Mr Horton spent yesterday at his Thameside home in Oxfordshire. "Life goes on," he told the local press when he slipped across the road to buy the newspapers with his name all over the front pages.

The coup was also a classic display of the way the business establishment dispatches those who have outstayed their welcome. By showing that a board can bring down even a man who holds all the reins of power, it marks something of a triumph for corporate democracy. The intention, of course, was to do BP some good. But while that seemed to be the general expectation in the City yesterday, large questions about the future of the UK's leading, but financially stressed, company have still to be answered - hence the £1.5bn by which the market value of BP plummeted between breakfast and lunch-time yesterday.

Mr Horton's downfall came as a total surprise, as much to senior people within the company as to outsiders. He had only been in the job since March 1990, and even though he made more enemies than friends with his high-handed manner and aggressive cost-cutting strategy, there were few signs of the pressures that were building up in the boardroom.

It transpires that Lord Ashburton, better known as the City merchant banker Sir John Baring, and his non-executive board colleagues, had been nursing misgivings for some time. Not only was BP faring noticeably worse in the recession than its main competitors - profits were down 85 per cent last year - but Mr Horton's personal style was hitting morale and adding to the problems.

The misgivings were strongest among the other business representatives on the board, people like Sir Patrick Sheehy, the chairman of BAT Industries, Dr Carl Hahn, chairman of Volkswagen, and Charles Knight, chairman of the US company Emerson Electric. After sharing their concerns last week, they confronted Mr Horton at the beginning of this week. According to one account of the meeting, Mr Horton quickly understood that he was being given little choice, and offered to resign.

His resignation was accepted at a full board meeting on Thursday afternoon. This was attended by the other seven executive directors - the heads of BP's various divisions - who all supported the changes and the new appointments. Although it was the non-executives who took the initiative on Horton's ouster, they seem to have had little trouble in getting the executives on side, a further indication of Horton's isolation.

Lord Ashburton himself appears to have played the key role. Scion of the Baring family and former head of Barings merchant bank, he is a leading City figure and former director of the Bank of England. He is also the longest-serving BP non-

## A classic coup for democracy

Bob Horton's departure from BP supports the view that non-executives can keep executives in check, says David Lascelles

## Boardroom drama: BP non-executive directors



Sir Robin Nicholson



Sir James Glover



Peter Sutcliffe



Lord Ashburton



Charles Knight



Karen Horn



Carl Hahn



Sir Patrick Wright



Sir Patrick Sheehy

executive director with 10 years on the board, which gives him considerable influence. His style is laudible. But a banking colleague says: "He has strong feelings about companies being run properly and effectively. He would be the sort of man to act in a situation like this. He has high standards."

The boardroom drama, rare in a UK blue chip company, would rank as a significant corporate event at the best of times. But it also comes at a moment when corporate governance is a fashionable topic, after the recent Cadbury Report on board accountability.

The BP coup showed two things. It reinforces the view that non-executive directors can play a key role in keeping the executive directors in check. BP is particularly strong on non-executives. They are in the majority on the board by nine to eight, and only they sit on the board's auditing and compensation committees which oversee the accounts and directors' pay.

It also bears out the Cadbury recommendation in favour of splitting the role of chairman and chief executive. Even though the British

corporate tradition tends to separate them, the two positions have always been combined at BP. But Mr Horton's dominating style highlighted the dangers of concentration of power. In future BP is to have a non-executive chairman, Lord Ashburton, and a full-time chief executive, Mr David Simon, until now the chief operating officer.

"This creates a good balance," said Mr Simon. "My executives are fully in agreement that the change is appropriate."

But as well as providing for a more balanced distribution of power within the group, the changes are also intended to bring about a shift in style.

Although people inside BP say that talk of Mr Horton's arrogant manner is overdone - he has often shown acts of great personal kindness - his evident enjoyment of power, his lack of tact and irritating name-dropping habit alienated many of his colleagues. Whether this was due to a supreme self-confidence or the exact opposite was a

matter of debate within BP, but it led to much anti-Horton sniping, culminating in a famous spoof of an FT article, put together with evident relish on some internal BP desk-top printer, depicting Horton as a power-crazed eccentric.

David Simon could hardly be more different. A quiet-spoken organisation man who lost out to Horton in the 1990 leadership stakes and operated in his shadow thereafter, he has never had a chance to show the full range of his leadership qualities. But insiders say that while he will be more user-friendly than Horton, he can be just as tough. The adjectives used to describe him are wily, subtle, diplomatic, and knowledgeable about the undercurrents of the British establishment, something for which Horton had little time.

"Simon knows all about dynamic positioning," said an official, referring to the ultra-precise techniques used by floating oil rigs to adjust to ocean currents and winds, and stay stable in a storm. "He has an ability to stay right over the hole. Horton had to be tethered down."

On a broader level, Simon's

appointment may be welcomed. The removal of friction on the board should make it function more smoothly. He is widely approved of by the staff. And the City likes a financial man. But goodwill alone will not be enough to resolve BP's problems. These centre mainly on the group's high level of debt - the result of expensive acquisitions and a share buy-back in the 1980s - and a high cost structure. Ironically, the earlier success of its oil exploration activities has also tilted it towards oil production which makes it more vulnerable to changes in the oil price than companies which have a better balance between their production and retailing sides.

The crucial question is whether the change of faces at the top will lead to changes in strategy - and the message from BP is no. The unpopular cost squeeze instituted by Mr Horton will go on, and so too presumably will the job cuts.

The biggest uncertainty is in the stock market where BP's share price plummeted 14 per cent yesterday on fears of a dividend cut and a possible £1bn-plus rights issue to ease the debt problem.

Industry observers tended to dismiss the rights issue as a danger. Mr Paul Spedding at Kleinwort Benson Securities points out that for tax reasons, it is cheaper for BP to borrow money in the US than to raise more equity capital. "It doesn't make sense," he says.

But they are more divided over the dividend. Under Horton, BP steadfastly refused to cut its payout even though it had to pay part of it out of reserves after the latest fall in profits. By halving the dividend BP could save itself several hundred million pounds a year, reduce its debt, and give itself a fresh start. A cut announced at the interim results in a month could also be blamed on this week's upheaval.

BP's new chiefs are insisting that no changes in dividend policy have been decided. Simon himself is committed to not cutting the dividend. He told an analysts' meeting last September: "We will not, save for majeure, cut our dividend. We have done it only once in our history and that was in the first world war."

What is more certain than dividend policy is another legacy of the Horton era. Simon sent out an internal statement yesterday to senior managers reaffirming the process of cultural change known as Project 1990, and laying stress on greater teamwork and openness. Project 1990 aimed to replace BP's bureaucratic "command-and-control" style of management with one based on a "decentralised" structure and a atmosphere of what Horton called "openness, care, teamwork, empowerment and trust". It is also understood that Simon stands by the proposed cuts in BP's corporate and business head offices, which are seen as an integral part of the group's existing strategy.

Simon's fortunes will ultimately depend on the oil price. Horton told investors at the beginning of this year that all BP's businesses had been "tested against \$18 a barrel of oil and found to be robust". Since then a new spirit of co-operation within Opec has helped push the oil price up over \$21 a barrel, which helps. The institutional view in BP is that the price should continue to rise in the long term, though not to dizzying heights. This suggests that this week's drama was only a prelude to better times at BP.

"We aim to be extremely competitive," said Simon, "but we're fighting a difficult market."

## MAN IN THE NEWS: Jacques Delors

## The third phase of Mr Europe

EC leaders have chosen a new man to lead a new European Community for the next two crucial years. His name is still Mr Jacques Delors. But this 66-year-old chameleon has now changed his image from Jacques the Power Grabber into Jacques the Conciliatory Statesman.

This change of mind, if not of heart, made it all the easier for all 12 EC leaders at their dinner last night in the Quilux Palace to give the Commission president an unprecedented fifth two-year term at the head of the EC executive. Even Mr John Major, the UK prime minister, seems confident that Mr Delors is shedding the image that has made him a hate figure for some Conservative backbenchers. Not that Mr Delors is backing away from the high goals of the Maastricht Treaty on political and monetary union. Far from it. But he now realises that the national debates on the treaty have opened up an apparent gap between what the 12 governments were able to negotiate in Maastricht and what European public opinion is able to accept.

Narrowing that gap will be the great challenge of Mr Delors' extra two years as Commission president. Riding on his success is ratification of Maastricht, the possibility of the Community being ready for another integrationist lurch forward at its next planned constitutional revision in 1996, and even Mr Delors' own long-shot chances of a crack at the French presidency.

The Lisbon summit, and the run-up to it, saw Mr Delors apologising for his threat that Denmark's rejection of Maastricht might cost it EC farm subsidies. He conceded he had pitched EC spending plans too high. He has dropped ideas of early

institutional change to accompany the admission of new countries into the Community. Above all, he has declared his readiness to return to individual governments some of the powers that have flowed to Brussels over the past 25 years.

Is this just show? Undoubtedly, Mr Delors will feel and behave in a less contrite manner, once the shockwaves of Denmark's Maastricht rejection cease reverberating around the Community. But there are grounds for supposing that Mr Delors has a longer-lasting interest in "subsidiarity". Indeed, it would be in tune with the way that Mr Delors has realised his vaulting ambition for the EC, if, having got a hand on some of the levers of political and monetary power, he were to devote the less enticing duties of implementing and supervising EC law to others outside Brussels.

In fact, this is not the first strategic shift in Mr Delors' Brussels career. It is now possible to see three phases to this: ● Mr Delors arrived in Brussels with ideas about a single currency and common defence, but had to confine himself largely in 1985-88 to the internal market programme. The latter hardly thrilled him. In his off-repeated statement that "one can hardly fall in love with the single market", Mr Delors speaks for himself. But he realised it was an essential building block; ● In 1989-91 his ambitions took off, getting aerodynamic shape in the form of the Maastricht Treaty last December. But, like Icarus, Mr Delors made the mistake of flying too high. The Commission president saw the inevitability of an enlarged Community as an opportunity to float further ideas. One was of a more "political" EC executive



which would not exactly replace the EC's rotating presidency, but which would come to eclipse it as the sun does the moon. But Danish voters nearly shot the treaty, and Mr Delors with it, to the ground; ● In his third phase, 1992-94, now opening, Mr Delors' immediate aim is to keep Maastricht flying. To do this, with a degree of subsidiarity that makes all member states including Denmark feel comfortable, he has hinted he is ready to jettison the purist prospect, held out in Phases One and Two, of a single market.

It is true that, with 90 per cent of the 300 internal market measures already on the EC statute book, the Commission will now be slapping fewer legislative proposals down on the Council of Ministers' table. But there still remains a potential conflict between the single market and subsidiarity. Because member states do not always trust each other to implement faithfully EC laws they have nodded through in Brussels, they often thrust a monitoring role on an unwilling Commission. The danger, therefore, in

handing more responsibilities to governments is that the EC market will become less single. As Mr Delors said this week: "The best [the single market] can be the enemy of the good [subsidiarity]."

Unevenness in the single market, with all this implies in giving some governments and companies an unfair advantage over others, is clearly a risk Mr Delors is now ready to take. Are others, especially Mr Major? But even if Mr Delors now adopts a lower profile, he will still remain Mr Europe, for better or for worse. Some governments would like to cut the Commission down to size. But the history of the Community shows that the Commission has always played an essential role in making the system work.

Will it be up to the sophisticated challenge of now making a more de-centralised system run more effectively than in the past? Some of the burden should fall on the other 16 commissioners. However, there are several pairs of weak shoulders there at the moment. Many may well be kept on by their governments after January 1 1993. In the current climate, Mr Delors is even less well-placed than before to demand a say in any new appointments governments care to make.

So, even though Mr Delors promises to run the Community on a looser rein, he is liable to continue the same autocratic style of management inside the EC executive. This may be a handicap in the "new-look" Community, but it could also be entirely consistent with Mr Delors' future personal ambitions. At present, he is one of the most popular figures on the French political scene. If he makes a success of the next two years in Brussels, he could be nicely poised for the next French presidential election, scheduled in 1995. And the one thing that can be safely said of the Fifth Republic is that no president has ever bothered his head about notions of subsidiarity.

David Buchan and Ian Davidson

# MORSE

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## COMPANY NEWS: UK

# BM shares slump after Roger Shute steps down

By Richard Gourlay

SHARES in BM Group, the construction equipment and engineering group, fell sharply yesterday following the resignation of the company's founding chairman, Mr Roger Shute, on the grounds of ill health.

The shares fell 81p to 233p, 165p below the high at which BM's shares were trading three weeks ago.

Mr Shute's resignation, stemming from an illness that BM described as "lung, stress and cigarette" related, took the City by surprise.

While BM yesterday stressed that Mr Howard Sutton, managing director, has been deeply involved in company decisions for the last 18 months, Mr Shute's departure to the position of president will hit the company hard. "The City when it thinks of BM thinks of Roger Shute," said Mr Mike Costello, analyst at Kleinwort Benson.

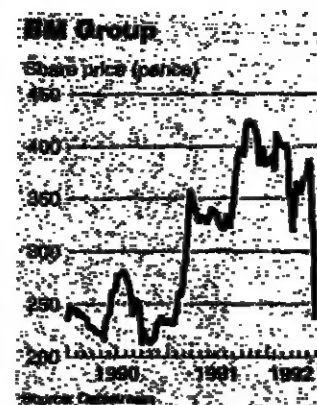
Mr Shute effectively started to build the company in 1979 when Beazer, the housebuilding group, split off its engineering companies. Five years later, with Mr Shute at the helm, Beazer reversed these engineering companies into the quoted Braham Miller and kept



Roger Shute's departure will hit BM hard

a controlling stake until 1986. Beazer, now part of Hanson, sold its remaining 28 per cent stake in 1989.

Mr Shute was the force behind a period of rapid growth through a series of acquisitions. These included Blackwood Hodge, the construction equipment distributor, and most recently the purchase of Thomas Robinson, the engineering group.



Source: Datastream

acquisition, will also join the board.

Mr Thorne said yesterday the group would achieve almost all its targets in its financial year ending on Tuesday. Gearing would also be reduced from about 75 per cent to 30 per cent.

"Roger Shute has generated very substantial growth," Mr Thorne said. "His daily operational role has been reducing and the same management team that has generated that growth is in place."

Market traders said yesterday that there had been signs of a bear raid on BM's shares in the past weeks. Questions have been posed about BM's accounting of acquisitions and how, despite the recession in construction, the company has managed to report such rapid profits and earnings growth. Pre-tax profits are forecast at £45m this year, up from £34.1m last year and £5.1m in 1987.

## Morland forecasts 28% rise in profits

By Philip Rawstone

MORLAND, the Thames Valley-based brewer, yesterday shored up its defences against a £101m hostile bid from Greene King with a forecast 28 per cent increase in pre-tax profits to at least £7.6m for the year ending September 30.

Earnings per share were expected to grow 15 per cent to 26.1p, and total dividends would be raised to 8.4p, 18 per cent higher, the company said in a circular to shareholders.

Mr Jasper Clutterbuck, Morland's chief executive, said: "Greene King has been trying to suggest Morland faces strategic difficulties in the new world of brewing. Our forecast demonstrates what nonsense this is."

The forecast does not include any contribution from a trading arrangement agreed with Courage earlier this month. If the Greene King bid fails, Morland will brew 20,000 barrels of Courage beer, and Courage will buy a minimum of 5,000 barrels of Morland's Old Speckled Hen ale a year, generating additional taxable profits of £500,000.

"We would have liked to compare our performance with that of Greene King," Mr Clutterbuck said. "But it has not told us what its profits were for last year. Instead it questions our net asset value. Only on a break-up do shareholders benefit from asset values - it is profits that pay dividends."

Mr Clutterbuck added: "Greene King's offer - 450p cash or a paper equivalent of about 475p - does not even reward Morland shareholders for owning a top performing company with an excellent record and prospects, and it certainly does not contain a premium for control."

Mr Simon Redman, Greene King's chairman, responded yesterday by describing the profit forecast as "feeble".

He added: "It does nothing to mask Morland's strategic difficulties of weak brands, no critical mass, low brewery utilisation, and higher cost production."

Morland had attempted to present the deal with Courage as a solution to its problems. "In reality it is nothing but a quick fix," Mr Redman said.

The bid was triggered last month by the Whitbread Investment Company's need to reduce its stakes in a number of regional brewers to comply with government legislation.

Greene King bought a 28.5 per cent stake in Morland from Whitbread, and was pledged a further 1.9 per cent if no higher bidder emerged.

The East Anglian brewer extended its offer to July 2 after announcing last week that further acceptances of 2.8 per cent had given it control of a total of 46.2 per cent of Morland's shares.

## Exceptional gain helps Southern Water rise 19%

By Angus Foster

SOUTHERN Water, which supplies water and sewerage services to the south coast from Kent to Hampshire, yesterday reported an 19 per cent increase in pre-tax profits for the year to March 31.

The figure rose from £97.1m to £115.1m, helped by price increases and exceptional gains on disposals. Mr William Courtney, chairman, was delighted with the figures.

Average prices rose 14.7 per cent and there was a 65m exceptional gain on the sale of investments in three statutory water companies. However, the company estimated the recession had cost it £4m and provisions for bad debts were doubled to £5m.

Turnover increased 16 per cent to £290.7m (£251.2m), helped by a 75 per cent lift in non-regulated turnover of £15.5m.

Among the non-core busi-

nesses, Southern's 50 per cent stake in Salford Environmental Services was sold to its joint venture partner, SAUR at book value although provisions of "a few hundred thousand" were made on the sale, according to Mr Courtney.

Capital expenditure increased 21 per cent to £171m and the company's net cash position deteriorated from £8m to £17m. This, and lower interest rates, cut net interest received to £3m (£5.6m).

Depreciation increased 4.3 per cent to £25m while infrastructure renewals were 4.5 per cent higher at £16.1m.

The tax charge, for advance corporation tax, held steady at £3.8m and was helped by last year's introduction of a scrip dividend option, which saved about £1m.

Earnings increased 20 per cent to 64.2p (53.4p). A final dividend of 13p (11.5p) is proposed to make a total of 19.5p

(17.7p), an increase of 10 per cent.

The shares gained 4p to 410p.

### COMMENT

These figures, although bang in line with expectations, are slightly better than they look. Even stripping out the exceptional, pre-tax profits have grown 12.4 per cent. That is higher than with the rest of the sector, and would have been better still without the heavier-than-expected effects of recession and bad debts. Most of the benefits seem to have flowed from good cost control and cash management. Growth this year will be more muted as Southern goes from net cash to net debt and misses out on exceptional gains. Forecast profits of £120m put the shares on 6.3 times, which is a touch higher relative to its peers, with a yield of 6.5. Although Southern might provide no haven for aficionados of excitement, it is a safe medium term bet.

## Peter Scott resigns from Aegis

By Gary Mead, Marketing Correspondent

AEGIS, the London-based holding company for Carat, which dominates the media-buying scene in Europe, yesterday announced that its chairman, Mr Peter Scott, is to leave at the end of the year. Mr Scott, 44, will also step down as Carat's chief executive.

Mr Scott was a founder in 1979 of the London-based WCRS group, which renamed itself Aegis in 1990.

Yesterday some of Aegis's competitors said Mr Scott's departure was a blow to Carat, arguing that it could disrupt client relationships.

According to Aegis, Mr Scott's decision stems from his

unwillingness to move to Paris, where Aegis plans to relocate. Much of Aegis's pan-European activity is already focused in Paris. Thirty-five staff are to lose their jobs at Aegis's London base; another 15 are likely to stay on, the majority moving to Paris by the end of the year.

Aegis said the move will enhance management control over its commercial operations and produce savings of between £4m-£5m annually, in addition to planned savings of £10m - by reducing overheads and staffing levels - announced in May.

Last year Aegis recorded pre-tax profits of £55.1m on turnover of £2.1bn, and paid a dividend of 5.85p.

Mr Scott is believed to have resisted the board's decision to shift management power to Paris but was overruled. Aegis said that following a spate of recent acquisitions across Europe it needed to slim down its management structure and concentrate its operations.

Mr David Reich, Carat's joint operating officer and an Aegis director, has also decided not to relocate to Paris.

Aegis's deputy chairman, Mr Charles Hochman, 64, has been appointed executive vice president and chief executive of Carat with effect from July 1 this year. Mr Gilbert Gross, who has a stake of almost 30 per cent, is to become honorary president of Aegis.

## Marling £11.9m in loss and calls for £18m

By Peter Pearce

MARLING Industries reported yesterday a plunge from pre-tax profits of £3.6m to losses of £11.9m in the year to March 31, withheld its final dividend, launched an £18m rights issue and announced sweeping changes to its business and board.

The group, whose shares closed down 10p at 23p, intends to revert to its core of industrial and steel webbing and rigid, narrow industrial fabrics. It is selling Booley, the commercial vehicle body maker to its management.

Mr David Abel Smith, chief executive since January, said Booley had been a drain on the group for 18 months because of the slump in vehicle sales. In the past

year, it made operating losses of £3.6m. Operating losses for the group totalled £3.6m. Booley is to be sold for £1.2m plus the assumption of £3.4m of bank debt.

Marling has also stopped funding Airbags, a maker of airbags for automotive safety systems, and is negotiating to dispose of its 50 per cent interest with Electrolux Autoliv, its joint venture partner.

Mr Peter Held, its 69-year-old founder and chairman, said yesterday he would retire before the annual meeting in September. A non-executive chairman was being sought.

The cash call will raise about £18m net via the issue of 128.7m new ordinary 5p shares at 15p each on the basis of four for each 10p share held. It will fund the

redeeming of the convertible preference shares. Some £4.7m of the issue will go for cash redemption of the preference, £250,000 goes into the rights and £720,000 is being waived by the preference holders, resulting in saving of about £1m.

Group turnover fell to £102.7m (£121.8m). Interest payable of £3.6m (£3.66m) and exceptional charges of £4.9m (credit £231,000) hit the pre-tax line, below which extraordinary costs of £18.6m, relating to losses on the disposal of Booley and others, led to retained losses for the year of £11.9m (£35.05m) and losses per share of 41.2p.

It has paid an interim dividend of 0.3p. The total last year was 4.2p paid out of earnings per share of 4.84p.

## Tex reduces loss to £0.4m

Tex Holdings, the Ipswich-based supplier of consumables to the plastic, steel and energy industries, cut its pre-tax loss from £523,000 to £396,000 in the year to March 31.

The directors said it had been necessary to implement further restructuring during the year and, as part of a move to cut the cost base still further, the workforce had been reduced by 20 per cent to 304.

Turnover was lower at £16.1m (£18.3m). There was an unchanged loss per share of 5p and no dividend is proposed.

A further extraordinary charge of £77,000 was made in respect of discontinued activities at Somerby and Burgess Hill.

## Burnfield calls for £22.7m to fund Malvern acquisition

By Roland Rudd

BURNFIELD, the specialist engineering group, is asking shareholders for £22.7m to pay for a 3-for-4 rights issue to fund an agreed acquisition of Malvern Instruments from Cray Electronics Holdings.

Malvern Instruments has 33 per cent of the world market in laser-based particle characterisation equipment which break down particles in substances such as paper and paint.

Burnfield purchased Malvern, which reported operating profits of £2m on sales of £14.7m for the year to April 30, for £20m.

It will be incorporated as a third separate business to Burnfield's two existing ones: Isopad, which makes electric surface heating systems, and Budenberg, which produces pressure gauges.

Mr Brian McGowan, chairman, who is also chief executive of the industrial conglomerate Williams Holdings, said he was confident of boosting profits by bringing Malvern under tight management control.

Worldwide sales of laser-based particle characterisation equipment are expected to grow from £40m to about £70m in four years.

The purchase will eliminate Cray Electronics' debt and allow it to concentrate on its information technology business.

Burnfield's shares yesterday fell 9p to close at 206p. The new shares are being offered at 185p. The issue is fully underwritten by Barclays de Zoete Wedd.

The rights issue is expected to leave Burnfield with net cash of £4m which Mr McGowan said would be used for smaller bolt-on acquisitions on the Continent.

For the year March 31 1991 Burnfield turned a pre-tax loss of £3.2m into a profit of £1.17m.

## NEWS DIGEST

## No increase from Bank of Scotland

THE BANK of Scotland said it would not increase its offer for Countrywide Bank beyond the present £282.05 offer price.

National Mutual, the pension fund, said its meeting with a Bank of Scotland representative still did not convince it to accept the bank's takeover of Countrywide Banking Corp Ltd.

Bank of Scotland needs to pick up 90 per cent of the outstanding stock, of which National Mutual owns about 8 per cent.

The offer, which values Countrywide at about £281.40m, closes next Friday.

## Improved £2.87m from Syltore

Syltore, the maker of specialist ancillary equipment for the transportation industry, lifted pre-tax profits from £2.73m to £2.87m in the year to March 31. Turnover advanced from £33.7m to £34.9m.

Mr Tony Clegg, the chairman, said the result had been achieved despite a serious setback at Notocord, the vehicle refrigeration and air conditioning subsidiary. Looking ahead, he said the company would continue to explore new opportunities and markets.

A final dividend of 6.2p (6p) is proposed for a total of 9.45p (9p), payable from earnings of 22.22p (22.18p) per share.

## Mrs Fields operating income declines

Mrs Fields, the US cookie company, reported lower operating

income of \$10.4m (£5.6m) for 1991, on turnover of \$129m. For 1990, operating income amounted to \$14.1m, which was struck on turnover of \$125m.

There was no pre-tax figure given as the company said that details of the interest charge, depreciation and exceptional items were not yet available pending completion of its re-financing proposals.

The directors said it was not in the best interests of shareholders to resume the payment of dividends.

Cranbrook Electronics interim loss

A reduction in its operating expenses enabled Cranbrook Electronics Holdings to cut its pre-tax loss from £95,000 to £48,000 in the six months to March 31.

Directors expect the short-term prospects to be difficult but that the medium term is more positive.

Turnover fell from £4.27m to £3.35m. Losses per share were 0.5p (1p).

## Vistec advances 54% to £2.7m

Vistec Group, the Derbyshire-based computer services company, reported pre-tax profits ahead by 54 per cent to £2.7m in the year to April 30, compared with £1.76m.

The USM-quoted company said that the distribution business had made excellent progress while the sales and service division had only made good progress against a difficult economic background.

Profits were helped by net interest received of £107,000 (£236,000 charge). Net cash at the end of the period was £4.37m against £1.71m 12 months earlier.

Earnings per share were 1.53p (0.95p) and a final dividend of 0.5p is proposed for a total of 0.5p (0.5p). Turnover advanced to £22.3m (£21m).

## Arthur Shaw falls into losses

Arthur Shaw & Company, USM-quoted maker of window fitting and engineering products, reported a pre-tax loss of £297,000 for the year to March 28, against profits of £267,000. It is proposing to pass the final dividend, leaving 1.3p for the year compared with 4.1p.

The company said that a complete review of the group structure including the main board had resulted in significant changes. Mr Gordon Pearson, chairman, said that a return to profitability had begun following the changes.

Turnover for the period was higher at £15.7m (£13.7m) and the company said market share had been maintained in the housebuilding and refurbishment sector.

## Losses deepen at United Industries

Increased pre-tax losses of £1.54m were announced by United Industries, the springs and tools maker, for the year to April 4. Last time the loss was £795,000.

Mr Kenneth Coates, the chairman, said that demand had again fallen in the past year resulting in a further 20 per cent drop in turnover to £32.8m (£40.6m).

Losses at the operating level amounted to £326,000 compared with profits of £715,000 and the pre-tax result was after net interest payable of £1.22m (£1.51m).

Losses per share amounted to 5.59p (1.72p) and there is no dividend for the year (1p).

## Throgmorton USM accepts purchase offer from new trust

By John Authors

THE board of Throgmorton USM Trust, a smaller companies investment trust, yesterday announced that it had accepted a purchase offer from a newly formed investment trust, to be named Throgmorton 1000 Smallest Companies Trust.

Throgmorton 1000 has arranged to raise £12m by a placing of ordinary shares with warrants attached, and it is estimated that the trust's net assets will be approximately £37.1m after the offer for the trust and placing have been completed.

Throgmorton USM shareholders will be offered Throgmorton 1000 shares equivalent to 100 per cent of the value of Throgmorton USM's formula asset value. Its net asset value attributable to shareholders at

the end of last year was £24.46m.

Another offer is being made to Throgmorton USM warrant holders.

Throgmorton USM was due to be wound up after next year's annual general meeting, expected in April. Advisers to Throgmorton USM say the deal allows current shareholders the opportunity either to continue their investment in a vehicle which shares a similar investment philosophy, or to realise their investment for cash at a price close to the formula asset value.

The new company will invest in around 100 companies, selected from the 1000 smallest UK quoted companies.

According to the timetable, the preference offer for Throgmorton USM is assumed to become unconditional on July 23.

## Liberty family defeats enfranchisement proposal

By Peter Pearce

THE FOUNDING family of Liberty defeated yesterday a proposal to enfranchise all shareholders, and thus undermine their control of the fashion and fabric group.

Mr Brian Myerson, an investor, was backed by only 19.7 per cent of the voting shares and 24 per cent of the non-voting shares at the extraordinary meeting he had requested. He needed 50 per cent and 75 per cent respectively for his proposals to be carried.

Concerto Capital Corporation, his family's investment vehicle, owns a little more than 15 per cent and 7 per cent respectively of the two classes of shares.

The meeting, held in a training room at Liberty's West End store, was attended by more than 100 shareholders. Mr Myerson presented his case for the enfranchisement of the non-voting shares, the appointment of additional non-executive directors to the board and the splitting of the roles of chairman and chief executive.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Bell Brothers	1.0	Aug 14	2.1	3.1	4.2
Camellia	1.0	Aug 14	1.5	2.5	2.5
Electric & Gen	1.0	Aug 14	1.5	3.1	3.1
Shaw (Arthur)	1.0	Aug 14	2.9	1.3	4.1
Southern Water	1.0	Oct 5	11.8	18.5	17.7
Syltore	6.3	Oct 5	6	9.45	9
United Industries	0.5	Aug 14	0.5	nil	1
Vistec	0.2	Aug 14	0.2	0.3	0.2

Dividends shown pence per share net except where otherwise stated. 10n increased capital, 50SM stock, 53p option.

Prices for electricity obtained for the period of the month ending June 26 1992			
Period	Price	Price	Price
1/2/92	27.45	27.45	27.45
2/2/92	27.45	27.45	27.45
3/2/92	27.45	27.45	27.45
4/2/92	27.45	27.45	27.45
5/2/92	27.45	27.45	27.45
6/2/92	27.45	27.45	27.45
7/2/92	27.45	27.45	27.45
8/2/92	27.45	27.45	27.45
9/2/92	27.45	27.45	27.45
10/2/92	27.45	27.45	27.45
11/2/92	27.45	27.45	27.45
12/2/92	27.45	27.45	27.45
13/2/92	27.45	27.45	27.45
14/2/92	27.45	27.45	27.45
15/2/92	27.45	27.45	27.45
16/2/92	27.45	27.45	27.45
17/2/92	27.45	27.45	27.45
18/2/92	27.45	27.45	27.45
19/2/92	27.45	27.45	27.45
20/2/92	27.45	27.45	27.45
21/2/92	27.45	27.45	27.45
22/2/92	27.45	27.45	27.45
23/2/92	27.45	27.45	27.45
24/2/92	27.45	27.45	27.45
25/2/92	27.45	27.45	27.45
26/2/92	27.45	27.45	27.45
27/2/92	27.45	27.45	27.45
28/2/92	27.45	27.45	27.45
29/2/92	27.45	27.45	27.45
30/2/92	27.45	27.45	27.45
31/2/92	27.45	27.45	27.45

European Assets Trust  
The net asset value at 31 May 1992: DFL 8.57







## DEC may assemble stake of up to 10% in Olivetti

technology called "Risc" which offers high performance at moderate cost.

DEC will supply Olivetti with Alpha chips and systems to fit into its range of mini-computers.

European computer manufacturers, suffering from small, insular markets and a dependence on technologies developed in the US or Japan, have sought larger partners to share development costs and open new markets.

Fujitsu took an 80 per cent shareholding in ICL of the UK two years ago, and earlier this year IBM spent \$100m on a stake in Groupe Bull of France.

Olivetti's choice of DEC as technology partner was not unexpected. The two companies have alliances stretching back over 20 years and Olivetti makes the personal computers that DEC markets in Europe.

time" to decide whether or not to exercise its pre-emption rights. As a result, he said, if Mr Jaggi's offer expires on Tuesday, it would "not be valid".

Mr Jaggi's announcement comes at a critical time for Mr Tapie, who has been struggling to repay the debt incurred in his acquisition of Adidas two years ago and who recently resigned from the French cabinet because of his involvement in a fraud case.

Earlier this month Mr Tapie announced that Bernard Tapie Finances (BTF), his holding company, would make a FF7730m payment due on August 6, by the end of June. However, BTF, which had its shares suspended yesterday on the Paris stock exchange, has since run into problems with a number of proposed disposals.

Adidas, one of the world's best known sports brands, is also in financial difficulty. It recently disclosed a fall in profits to DM44m for 1991, down from DM90m in 1990, on marginally higher turnover of DM3.5m.

The issue was linked to last month's offer of global depositary receipts in the US, Japan and Europe, the first overseas share offer by a Taiwan company. The GDR issue, 360m shares for some \$320m, was heavily oversubscribed with demand exceeding supply by a ratio of three to one.

Mr To insisted that staying in post was a way of shouldering responsibility. Shareholders angrily dismissed his excuses. "There was uproar," said one man who attended the meeting.

Jiro Yokota, president of Tokyu Corporation, conglomerate ranging from railways to department stores, was also made to suffer. An elderly shareholder interrupted Mr Yokota's opening speech. Shouting through a megaphone he had smuggled into the hall, the shareholder called for an explanation of revelations made last year that Inagawakaki, a gangster group, had bought large

The write-down was received calmly, with BHP shares holding steady at A\$14.34 on Australian stock exchanges. Analysts noted that underlying earnings, excluding the write-down, were in line with expectations, falling 2½ per cent to A\$900.6m.

The result confirmed the company's minerals division as its best earner, with a net profit contribution of A\$663.9m, down 21.3 per cent.

The write-down reflects the diminished value of BHP's stake in International Breweries Investments (IBI), the vehicle which holds a 32 per cent interest in Foster's Brewing.

**MICHELIN**, the world's largest tyre manufacturer, is on course for a "big profit" this year after a period of heavy losses and should resume dividend payments, according to Mr François Michelin, chairman.

Mr Michelin also told shareholders' meeting in Paris that, although the group would eventually like to recapitalise, there was "no urgency" for it to do so. The Michelin share price has for some time been depressed by investors' concern about an equity issue.

Michelin has undergone radical rationalisation, which

**HELLENIC Bottling Company**, the Cypriot-controlled soft drinks group which holds the Coca-Cola franchises for Greece, Northern Ireland and Bulgaria, lifted 1991 pre-tax profits by 45 per cent to Dr10.3bn (\$54.2m), writes Kerin Hope from Athens.

# Chicago

WYABEAHS 5,000 bu min; conts/bu bushel				
	Close	Previous	High/Low	
W	808.0	808.0	811.4	807.4
Sp	811.4	811.2	814.6	811.4
g	817.0	816.4	820.0	816.0
W	825.0	825.4	827.0	824.0
g	831.4	831.2	834.0	831.0
W	838.4	838.0	841.0	838.4
g	845.0	843.0	844.4	842.4
W	843.0	844.4	845.0	844.0

WYABEAN LB 50,000 lbs; conts/bu				
	Close	Previous	High/Low	
W	20.87	20.83	20.99	20.85
Sp	21.04	21.04	21.05	21.01
g	21.21	21.21	21.22	21.18
W	21.28	21.28	21.47	21.28

SUGAR - <i>London F0X</i>		(\$ per tonne)	
Row	Class	Previous	High/Low
Aug	241.00	244.00	242.00-241.00
Oct	222.80	219.90	222.80-217.80
Nov	218.00	218.00	213.00-220.00
Dec	216.00	208.00	211.00-210.00
Jan	204.00	200.00	200.00

Row	Class	Previous	High/Low
White	Cane		
Aug	290.00	289.00	290.70-287.00
Sep	288.00	288.00	288.50-286.50
Oct	286.00	287.40	289.00-287.40
Nov	286.00	287.00	287.00-286.00
Dec	272.00	271.50	272.00-272.00
Jan	272.00	275.50	275.00-275.00
Feb	280.00	278.70	282.40
Oct	272.00	273.90	273.90

Turnover: Raw 125 (282) lots of 50 tonnes.  
 White 118 (1548) " " " " " "  
 Pure - White (FF) per unit: Aug 1222.41 Oct 1422.31

CRUDE OIL - <i>Late</i>		(\$/barrel)	
Row	Class	Previous	High/Low
Aug	21.30	21.31	21.32-21.28
Sep	21.28	21.21	21.30-21.16
Oct	21.11	21.08	21.26-21.09
Nov	20.99	21.05	21.11-20.98
Dec	20.88	20.98	21.01-20.98
Jan	20.88	21.03	21.03-20.98

Turnover: 18000 (1773) lots of 100 tonnes.  
 GAS OIL - *FFB*

Row	Class	Previous	High/Low
Jul	193.00	195.00	194.50-192.00
Aug	194.75	193.50	193.25-194.00
Sep	195.00	195.00	195.00-195.00
Oct	198.25	191.25	190.75-190.25
Nov	200.00	202.50	202.00-200.50
Dec	200.00	200.75	200.75-202.00

Turnover: 8541 (1072) lots of 100 tonnes

**SPICES**  
 Europe has been flooded with ginger from Nigeria, reports Man-production, and most prices are of inferior quality. Coshin ginger prices are a little firmer after a late moonroom, which has also lifted the

Turnover=4437 (1893 lots of 6 tonnes XCO initial price (US cents per pound) for Jun '26: Comp. daily 48.50 (48.00) 15 day average 48.17 (48.04)			
<b>POTATOES - London FOK</b>			O/totone
	Close	Previous	High/Low
Apr	87.5	87.5	87.5 86.9
Turnover: 87 (98) lots of 20 tonnes.			
<b>SOYABEAN - London FOK</b>			
	Close	Previous	High/Low
Aug	122.00	121.00	122.00
Turnover: 95 (100) lots of 20 tonnes.			
<b>FRUGGY - London FOK</b>			50/100ds point
	Close	Previous	High/Low
Jun	1110	1115	1110 1105
Jul	885	1004	1005 989
Aug	1016	1030	1020 1015
Oct	1155	1380	1160 1155
Nov	1170	1210	1200
Apr	1240		1240
BFI	1114	1132	1114
Turnover: 278 (88)			
<b>GRAINS - London FOK</b>			
	Close	Previous	High/Low
Whent	Close	Previous	High/Low
Sep	111.80	111.80	111.75 111.80
Nov	114.25	114.00	114.00 114.25
May	117.70	117.50	117.70
Barley	123.40	123.50	123.50 123.40
Sep	109.80	109.80	109.80
Nov	112.35	112.25	112.35 112.35
May	118.35	118.25	118.35 118.35
Nov	119.25	119.20	119.20 119.25
Turnover: Wheat 144 (238) - Barley 53 (90). Turnover lots of 100 tonnes.			

(Prices supplied by N M Rothschild)					
Gold (royal oz)		\$ price	£ equivalent		
Close		343.30-343.40			
Opening		343.10-343.50			
Morning fix		343.20		181.376	
Afternoon fix		343.50		181.650	
Day's high		343.70-344.90			
Day's low		343.10-343.40			
Leao Lind Measn Gold Leading Rates (% US\$)					
1 month		3.40	6 months	3.35	
3 months		3.30	12 months	3.46	
3 months		3.36			
Silver fix \$/royal oz US oz equiv					
Spot		213.85		402.20	
3 months		218.10		405.90	
6 months		223.50		410.10	
12 months		224.40		423.15	
GOLD COINES					
(Prices supplied by Engstrand Maabø)					
		\$ price	£ equivalent		
Kruggerand		343.50-344.30		181.75-182.26	
Maple leaf		354.00-355.00		187.25-187.75	
New Sovereign		344.00-35.00		44.50-45.00	
TRADED OPTIONS					
Aluminium (99.7%)		Calls	Puts		
Strike price \$ tons/Jul	Sep	Jul	Sep	Jul	
1150	109	120	3	3	
1350	12	42	3	15	
1350	3	6	81	77	
Copper (Grade A)		Calls	Puts		
Strike price \$ tons/Jul	Sep	Jul	Sep	Jul	
2250	134	136	3	3	
2350	36	36	3	38	
2450	3	22	69	89	
Coffee		Sep	Nov	Sep	Nov
650	5	48	73	15	15
750	32	42	62	36	37
850	8	24	72	67	
Cocoa		Sep	Dec	Sep	Dec
900	42	72	7	9	

GOLD 100 Troy oz. \$/Troy oz.				
	Close	Previous	High/Low	
Jun	342.5	343.2	344.1	342.8
Jul	342.9	343.6	0	0
Aug	343.0	343.5	343.0	343.5
Sep	343.7	346.4	347.0	0
Oct	347.7	348.3	349.2	347.2
Nov	349.8	350.5	351.0	350.8
Dec	351.0	351.7	352.7	352.7
Jan	354.2	354.8	354.0	354.0
Feb	357.0	357.4	0	0
PLATINUM 50 Troy oz. \$/Troy oz.				
	Close	Previous	High/Low	
Jul	360.0	359.8	362.0	360.0
Aug	368.0	357.6	366.5	367.0
Jan	367.5	366.3	368.5	365.5
Apr	368.0	366.3	368.0	366.0
SILVER 5,000 Troy oz. cents/Troy oz.				
	Close	Previous	High/Low	
Jun	387.4	400.2	0	0
Jul	387.2	400.3	400.5	387.0
Aug	399.3	402.1	0	0
Sep	400.5	403.3	403.5	400.0
Oct	406.1	408.0	408.0	405.0
Nov	410.0	412.9	413.0	411.0
Dec	410.0	412.9	413.0	410.0
Jan	413.4	418.3	418.0	418.0
Feb	413.4	418.3	418.0	417.5
Sep	420.6	422.5	0	0
HIGH GRADE COPPER 25,000 lbs. cents/lbs				
	Close	Previous	High/Low	
Jun	107.35	107.70	107.55	107.25
Jul	107.35	107.70	107.65	107.15
Aug	107.55	107.90	107.90	107.60
Sep	107.55	107.90	108.15	107.90
Oct	107.90	107.95	0	0
Nov	107.45	107.75	0	0
Dec	107.45	107.75	107.60	107.20
Jan	107.00	107.00	0	0
Feb	106.80	106.80	0	0
Mar	105.90	105.45	106.50	106.20
SUGAR 1000 "11" 112,000 lbs. cents/lbs				

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Sup	861	901	894	814	817							
Del	899	953	914	814	861							
Exp	982	905	904	917	911							
Mar	1007	950	1000	964								
May	1037	980	1024	884								
Jul	1067	1010	1050	1028								
Sept	1095	1037	0	0								
Dec	1135	1027	0	0								
Mar	1175	1117	1130	1127								

CORPSE '37, 37,000/cb; cents/lbs												
	Close	Previous	High/Low		Close	Previous	High/Low					
Jul	57.00	54.75	57.00		55.00							
Aug	56.00	57.85	58.35		56.80							
Sep	57.00	61.80	62.40		58.75							
Oct	54.45	63.70	64.50		62.50							
Nov	58.95	67.80	68.20		67.80							
Dec	71.15	70.00	70.75		69.00							
Jan	72.75	71.95	72.75		72.50							

COTTON 50,000/cb; cents/lbs												
	Close	Previous	High/Low		Close	Previous	High/Low					
Jul	95.25	94.65	95.75		95.55							
Aug	94.20	93.85	94.45		93.75							
Dec	93.57	93.42	93.75		92.80							
Mar	84.65	84.48	84.65		83.90							
May	85.15	85.00	85.15		84.50							
Jul	92.20	95.25	0		0							
Oct	94.13	94.00	0		0							
Dec	94.03	94.03	94.01		94.00							

ORANGE JUICE 15,000 lbs; cents/lbs												
	Close	Previous	High/Low		Close	Previous	High/Low					
Jul	127.90	127.35	127.90		126.80							
Aug	119.00	121.65	119.00		117.85							
Sep	114.80	113.50	114.80		114.00							
Nov	114.80	112.25	114.00		112.80							
Dec	119.25	115.25	119.00		113.00							
May	113.25	111.75	0		0							
Jul	112.25	111.75	0		0							
Oct	112.25	111.75	0		0							
Nov	112.25	111.75	0		0							

**INDICES**

**REUTERS (Base: September 18 1931 = 100)**

Ind 34 100

	Cose	Previous	High/Low	
202.2	194.8	181.1	181.1	
202.2	201.7	203.0	202.2	
204.3	204.6	205.0	204.3	
205.7	205.8	205.8	205.7	
<b>MEAT 50.00 lb m/c; cents/lb bushel</b>				
	Cose	Previous	High/Low	
254.0	253.4	255.2	253.4	
258.2	257.6	258.6	257.6	
263.2	263.4	266.6	263.2	
271.4	271.4	271.4	269.2	
273.2	273.2	276.2	273.2	
278.0	275.0	278.0	274.6	
285.0	285.0	285.0	284.0	
281.2	280.0	281.4	281.4	
<b>MEAT 50.00 lb m/c; cents/lb bushel</b>				
	Cose	Previous	High/Low	
348.6	349.6	350.6	348.4	
353.6	353.6	353.6	353.4	
359.2	358.6	358.4	359.2	
364.4	363.2	364.4	363.2	
371.4	371.4	371.4	371.4	
381.4	381.4	381.4	381.4	
383.4	383.4	383.4	383.4	
387.4	387.4	387.4	387.4	
397.4	397.4	397.4	397.4	
407.4	407.4	407.4	407.4	
417.4	417.4	417.4	417.4	
427.4	427.4	427.4	427.4	
437.4	437.4	437.4	437.4	
447.4	447.4	447.4	447.4	
457.4	457.4	457.4	457.4	
467.4	467.4	467.4	467.4	
477.4	477.4	477.4	477.4	
487.4	487.4	487.4	487.4	
497.4	497.4	497.4	497.4	
507.4	507.4	507.4	507.4	
517.4	517.4	517.4	517.4	
527.4	527.4	527.4	527.4	
537.4	537.4	537.4	537.4	
547.4	547.4	547.4	547.4	
557.4	557.4	557.4	557.4	
567.4	567.4	567.4	567.4	
577.4	577.4	577.4	577.4	
587.4	587.4	587.4	587.4	
597.4	597.4	597.4	597.4	
607.4	607.4	607.4	607.4	
617.4	617.4	617.4	617.4	
627.4	627.4	627.4	627.4	
637.4	637.4	637.4	637.4	
647.4	647.4	647.4	647.4	
657.4	657.4	657.4	657.4	
667.4	667.4	667.4	667.4	
677.4	677.4	677.4	677.4	
687.4	687.4	687.4	687.4	
697.4	697.4	697.4	697.4	
707.4	707.4	707.4	707.4	
717.4	717.4	717.4	717.4	
727.4	727.4	727.4	727.4	
737.4	737.4	737.4	737.4	
747.4	747.4	747.4	747.4	
757.4	757.4	757.4	757.4	
767.4	767.4	767.4	767.4	
777.4	777.4	777.4	777.4	
787.4	787.4	787.4	787.4	
797.4	797.4	797.4	797.4	
807.4	807.4	807.4	807.4	
817.4	817.4	817.4	817.4	
827.4	827.4	827.4	827.4	
837.4	837.4	837.4	837.4	
847.4	847.4	847.4	847.4	
857.4	857.4	857.4	857.4	
867.4	867.4	867.4	867.4	
877.4	877.4	877.4	877.4	
887.4	887.4	887.4	887.4	
897.4	897.4	897.4	897.4	
907.4	907.4	907.4	907.4	
917.4	917.4	917.4	917.4	
927.4	927.4	927.4	927.4	
937.4	937.4	937.4	937.4	
947.4	947.4	947.4	947.4	
957.4	957.4	957.4	957.4	
967.4	967.4	967.4	967.4	
977.4	977.4	977.4	977.4	
987.4	987.4	987.4	987.4	
997.4	997.4	997.4	997.4	
1007.4	1007.4	1007.4	1007.4	
1017.4	1017.4	1017.4	1017.4	
1027.4				







## LONDON STOCK EXCHANGE: Dealings

FINANCIAL TIMES WEEKEND JUNE 27/JUNE 28 1992

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. † Bargains done the previous day.

## British Funds, etc

No. of bargains included 2019  
Guinness Special Finance Corp PLC  
12% Deb (2000/2002) - £120.15

## Corporation and County

Stocks No. of bargains included 11

Birmingham District Council 11% Deb  
2012 - £111 (24/92)

Manchester City 11% Deb 2007 - £110.35 (24/92)

Newcastle-Upon-Tyne City 11% Deb  
2017 - £110.35 (24/92)

Swansea City 13% Deb 2008 - £120 (24/92)

UK Public Bonds

No. of bargains included 3

Agricultural Mortgage Corp PLC 5% Deb  
2005 - £109.95 (24/92)

7% Deb 2005 - £109.95 (24/92)

10% Deb 2005 - £109.95 (24/92)

Chapman 10% Deb 2005 - £109.95 (24/92)

4th 10% Deb - £109.95 (24/92)

Port of London Authority 10% Deb  
2005 - £109.95 (24/92)

31% Deb 2005 - £109.95 (24/92)

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Alphacore PLC 2.5% Deb - £109.95 (24/92)

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Ames PLC 5% Deb - £109.95 (24/92)



## LONDON STOCK EXCHANGE

## Leading equities trim early losses

By Terry Byland  
UK Stock Market Editor

THE DRAMATIC developments overnight at British Petroleum faced an immediate and brutal reckoning on the London stock market yesterday. Nearly £1.9bn was wiped off the market capitalisation of BP as institutional investors shied away from the danger that one of Britain's largest companies might cut its dividend payout, and many leading shares fell heavily as analysts spotlighted other companies where the dividend could be at risk. But the initial setback across the stock market was trimmed later, and the day's loss on the FT-SE 100 index was held to under 34 points. Government bonds gained half a point in good

Account Opening Dates	June 25	June 26	June 27
First Dealings	June 25	June 26	June 27
Options Dealings	June 25	June 26	June 27
Last Dealings	June 25	June 26	June 27
Account Day	June 25	June 26	June 27
Settlement Date	June 25	June 26	June 27

trading, with Index-linked issues standing out well. "The BP story is not over yet," was the general view in London. A statement from the BP board on dividend prospects is regarded as inevitable next week, perhaps at a meeting with UK analysts which was arranged some time ago. Particularly worrying is the outlook for BP shares in New York, where US investors are

likely to be highly sensitive to the perceived threat to the dividend.

However, the reaction across the broad range of the market was better than feared. After plunging by 32 points in early trading and failing to hold a rally at mid-session, the FT-SE 100 ended the session 23.2 down at 2,534.1. The stock market was helped by a strong performance from the futures sector where the September contract on the FT-SE index held a good premium.

About 11 points of the fall represented the drop of 34p in BP and the index was also hit by hefty setbacks in a handful of other Footsie constituents. Wellcome tumbled as the prospects for next week's share sale were clouded by the new

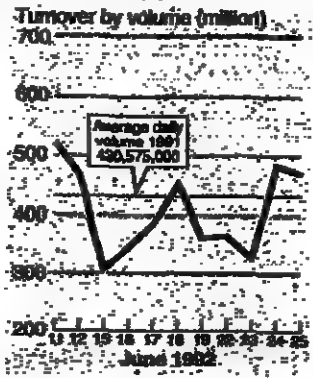
threat to the market. And the search for dividend-sensitive stocks brought losses for, among others, Fisons, Barclays Bank and British Steel.

At last night's close, the Footsie Index showed a loss of 27.5 points over the week and of 46.4 points or 1.8 per cent over the two week trading account. The setback has reflected concern over weakness in the Tokyo market, which again provided a nervous backdrop for London yesterday morning, and also over sluggishness in the UK economy. But many analysts argue that the UK equity market offers good value at current levels.

Sea volume, boosted by heavy trade in BP, rose to 637.5m shares yesterday.

After initial uncertainty, customer business in equities has risen sharply this week as the institutions have redeployed portfolios in a falling market.

## London SE volume



## FINANCIAL TIMES STOCK INDICES

	June 25	June 26	June 27	June 28	Year	1992	1991	Since Completion
Government Secur	86.01	86.73	86.83	86.87	83.43	86.82	86.11	127.40
						(86.82)	(114)	(48.18)
Fixed Interest	104.57	104.53	104.34	104.28	104.33	105.92	97.15	105.92
						(105.92)	(97.15)	(26/92)
Ordinary Share*	1983.9	1984.5	1979.9	1986.7	1986.4	1912.0	2149.7	48.4
						(2149.7)	(8/4)	(26/92)
Gold Mining	94.7	95.3	94.6	97.1	97.5	100.1	94.6	43.5
						(100.1)	(94.6)	(26/92)
FT-SE 100 Share	2534.1	2537.3	2532.8	2500.8	2500.3	2492.5	2377.8	98.9
						(2492.5)	(8/4)	(26/92)
FT-SE Eurostoxx 200	1179.25	1186.56	1176.88	1185.02	1188.61	1147.11	1124.79	98.82
						(1147.11)	(8/4)	(26/92)
*Ord. Div. Yield	4.89	4.83	4.86	4.82	4.85	4.96	4.81	10.0
*Earning Div. Yield	6.87	6.79	6.83	6.77	6.83	6.71	6.71	10.0
*P/E Ratio (Net/H)	18.27	18.46	18.25	18.46	18.24	18.24	18.24	10.0
SEAD Bargain 5.00p	28.510	21.798	21.183	21.078	21.824	23.739	23.739	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
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SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
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SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
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SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
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SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.8	473.8	473.8	473.8	473.8	10.0
SEAD Turnover (m)	1077.5	1193.0	1051.1	948.3	1768.2	1768.2	1768.2	10.0
SEAD Bargain (m)	473.8	481.4	473.					



● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 68p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 625-2120.

Est. Group	Comp. Price	Std. Price	Other + or - Value
1	100	100	0
2	100	100	0
3	100	100	0
4	100	100	0
5	100	100	0
6	100	100	0
7	100	100	0
8	100	100	0
9	100	100	0
10	100	100	0
11	100	100	0
12	100	100	0
13	100	100	0
14	100	100	0
15	100	100	0
16	100	100	0
17	100	100	0
18	100	100	0
19	100	100	0
20	100	100	0
21	100	100	0
22	100	100	0
23	100	100	0
24	100	100	0
25	100	100	0
26	100	100	0
27	100	100	0
28	100	100	0
29	100	100	0
30	100	100	0
31	100	100	0
32	100	100	0
33	100	100	0
34	100	100	0
35	100	100	0
36	100	100	0
37	100	100	0
38	100	100	0
39	100	100	0
40	100	100	0
41	100	100	0
42	100	100	0
43	100	100	0
44	100	100	0
45	100	100	0
46	100	100	0
47	100	100	0
48	100	100	0
49	100	100	0
50	100	100	0
51	100	100	0
52	100	100	0
53	100	100	0
54	100	100	0
55	100	100	0
56	100	100	0
57	100	100	0
58	100	100	0
59	100	100	0
60	100	100	0
61	100	100	0
62	100	100	0
63	100	100	0
64	100	100	0
65	100	100	0
66	100	100	0
67	100	100	0
68	100	100	0
69	100	100	0
70	100	100	0
71	100	100	0
72	100	100	0
73	100	100	0
74	100	100	0
75	100	100	0
76	100	100	0
77	100	100	0
78	100	100	0
79	100	100	0
80	100	100	0
81	100	100	0
82	100	100	0
83	100	100	0
84	100	100	0
85	100	100	0
86	100	100	0
87	100	100	0
88	100	100	0
89	100	100	0
90	100	100	0
91	100	100	0
92	100	100	0
93	100	100	0
94	100	100	0
95	100	100	0
96	100	100	0
97	100	100	0
98	100	100	0
99	100	100	0
100	100	100	0

[illegible][illegible][illegible][illegible][illegible][illegible][illegible]

ABC News	11:35p-12a	12/18/97	12/22/97	11:35p	12a	30	5	\$1,200
ABC News	12a-12:35a	12/18/97	12/22/97	12a	12:35a	30	5	\$1,200
ABC News	12:35a-1a	12/18/97	12/22/97	12:35a	1a	30	5	\$1,200
ABC News	1a-1:35a	12/18/97	12/22/97	1a	1:35a	30	5	\$1,200
ABC News	1:35a-2a	12/18/97	12/22/97	1:35a	2a	30	5	\$1,200
ABC News	2a-3a	12/18/97	12/22/97	2a	3a	30	5	\$1,200
ABC News	3a-4a	12/18/97	12/22/97	3a	4a	30	5	\$1,200
ABC News	4a-5a	12/18/97	12/22/97	4a	5a	30	5	\$1,200
ABC News	5a-6a	12/18/97	12/22/97	5a	6a	30	5	\$1,200
ABC News	6a-7a	12/18/97	12/22/97	6a	7a	30	5	\$1,200
ABC News	7a-8a	12/18/97	12/22/97	7a	8a	30	5	\$1,200
ABC News	8a-9a	12/18/97	12/22/97	8a	9a	30	5	\$1,200
ABC News	9a-10a	12/18/97	12/22/97	9a	10a	30	5	\$1,200
ABC News	10a-11a	12/18/97	12/22/97	10a	11a	30	5	\$1,200
ABC News	11a-12p	12/18/97	12/22/97	11a	12p	30	5	\$1,200
ABC News	12p-1p	12/18/97	12/22/97	12p	1p	30	5	\$1,200
ABC News	1p-2p	12/18/97	12/22/97	1p	2p	30	5	\$1,200
ABC News	2p-3p	12/18/97	12/22/97	2p	3p	30	5	\$1,200
ABC News	3p-4p	12/18/97	12/22/97	3p	4p	30	5	\$1,200
ABC News	4p-5p	12/18/97	12/22/97	4p	5p	30	5	\$1,200
ABC News	5p-6p	12/18/97	12/22/97	5p	6p	30	5	\$1,200
ABC News	6p-7p	12/18/97	12/22/97	6p	7p	30	5	\$1,200
ABC News	7p-8p	12/18/97	12/22/97	7p	8p	30	5	\$1,200
ABC News	8p-9p	12/18/97	12/22/97	8p	9p	30	5	\$1,200
ABC News	9p-10p	12/18/97	12/22/97	9p	10p	30	5	\$1,200
ABC News	10p-11p	12/18/97	12/22/97	10p	11p	30	5	\$1,200
ABC News	11p-12a	12/18/97	12/22/97	11p	12a	30	5	\$1,200
ABC News	12a-12:35a	12/18/97	12/22/97	12a	12:35a	30	5	\$1,200
ABC News	12:35a-1a	12/18/97	12/22/97	12:35a	1a	30	5	\$1,200
ABC News	1a-1:35a	12/18/97	12/22/97	1a	1:35a	30	5	\$1,200
ABC News	1:35a-2a	12/18/97	12/22/97	1:35a	2a	30	5	\$1,200
ABC News	2a-3a	12/18/97	12/22/97	2a	3a	30	5	\$1,200
ABC News	3a-4a	12/18/97	12/22/97	3a	4a	30	5	\$1,200
ABC News	4a-5a	12/18/97	12/22/97	4a	5a	30	5	\$1,200
ABC News	5a-6a	12/18/97	12/22/97	5a	6a	30	5	\$1,200
ABC News	6a-7a	12/18/97	12/22/97	6a	7a	30	5	\$1,200
ABC News	7a-8a	12/18/97	12/22/97	7a	8a	30	5	\$1,200
ABC News	8a-9a	12/18/97	12/22/97	8a	9a	30	5	\$1,200
ABC News	9a-10a	12/18/97	12/22/97	9a	10a	30	5	\$1,200
ABC News	10a-11a	12/18/97	12/22/97	10a	11a	30	5	\$1,200
ABC News	11a-12p	12/18/97	12/22/97	11a	12p	30	5	\$1,200
ABC News	12p-1p	12/18/97	12/22/97	12p	1p	30	5	\$1,200
ABC News	1p-2p	12/18/97	12/22/97	1p	2p	30	5	\$1,200
ABC News	2p-3p	12/18/97	12/22/97	2p	3p	30	5	\$1,200
ABC News	3p-4p	12/18/97	12/22/97	3p	4p	30	5	\$1,200
ABC News	4p-5p	12/18/97	12/22/97	4p	5p	30	5	\$1,200
ABC News	5p-6p	12/18/97	12/22/97	5p	6p	30	5	\$1,200
ABC News	6p-7p	12/18/97	12/22/97	6p	7p	30	5	\$1,200
ABC News	7p-8p	12/18/97	12/22/97	7p	8p	30	5	\$1,200
ABC News	8p-9p	12/18/97	12/22/97	8p	9p	30	5	\$1,200
ABC News	9p-10p	12/18/97	12/22/97	9p	10p	30	5	\$1,200
ABC News	10p-11p	12/18/97	12/22/97	10p	11p	30	5	\$1,200
ABC News	11p-12a	12/18/97	12/22/97	11p	12a	30	5	\$1,200
ABC News	12a-12:35a	12/18/97	12/22/97	12a	12:35a	30	5	\$1,200
ABC News	12:35a-1a	12/18/97	12/22/97	12:35a	1a	30	5	\$1,200
ABC News	1a-1:35a	12/18/97	12/22/97	1a	1:35a	30	5	\$1,200
ABC News	1:35a-2a	12/18/97	12/22/97	1:35a	2a	30	5	\$1,200
ABC News	2a-3a	12/18/97	12/22/97	2a	3a	30	5	\$1,200
ABC News	3a-4a	12/18/97	12/22/97	3a	4a	30	5	\$1,200
ABC News	4a-5a	12/18/97	12/22/97	4a	5a	30	5	\$1,200
ABC News	5a-6a	12/18/97	12/22/97	5a	6a	30	5	\$1,200
ABC News	6a-7a	12/18/97	12/22/97	6a	7a	30	5	\$1,200
ABC News	7a-8a	12/18/97	12/22/97	7a	8a	30	5	\$1,200
ABC News	8a-9a	12/18/97	12/22/97	8a	9a	30	5	\$1,200
ABC News	9a-10a	12/18/97	12/22/97	9a	10a	30	5	\$1,200
ABC News	10a-11a	12/18/97	12/22/97	10a	11a	30	5	\$1,200
ABC News	11a-12p	12/18/97	12/22/97	11a	12p	30	5	\$1,200
ABC News	12p-1p	12/18/97	12/22/97	12p	1p	30	5	\$1,200
ABC News	1p-2p	12/18/97	12/22/97	1p	2p	30	5	\$1,200
ABC News	2p-3p	12/18/97	12/22/97	2p	3p	30	5	\$1,200
ABC News	3p-4p	12/18/97	12/22/97	3p	4p	30	5	\$1,200
ABC News	4p-5p	12/18/97	12/22/97	4p	5p	30	5	\$1,200
ABC News	5p-6p	12/18/97	12/22/97	5p	6p	30	5	\$1,200
ABC News	6p-7p	12/18/97	12/22/97	6p	7p	30	5	\$1,200
ABC News	7p-8p	12/18/97	12/22/97	7p	8p	30	5	\$1,200
ABC News	8p-9p	12/18/97	12/22/97	8p	9p	30	5	\$1,200
ABC News	9p-10p	12/18/97	12/22/97	9p	10p	30	5	\$1,200
ABC News	10p-11p	12/18/97	12/22/97	10p	11p	30	5	\$1,200
ABC News	11p-12a	12/18/97	12/22/97	11p	12a	30	5	\$1,200
ABC News	12a-12:35a	12/18/97	12/22/97	12a	12:35a	30	5	\$1,200
ABC News	12:35a-1a	12/18/97	12/22/97	12:35a	1a	30	5	\$1,200
ABC News	1a-1:35a	12/18/97	12/22/97	1a	1:35a	30	5	\$1,200
ABC News	1:35a-2a	12/18/97	12/22/97	1:35a	2a	30	5	\$1,200
ABC News	2a-3a	12/18/97	12/22/97	2a	3a	30	5	\$1,200
ABC News	3a-4a	12/18/97	12/22/97	3a	4a	30	5	\$1,200
ABC News	4a-5a	12/18/97	12/22/97	4a	5a	30	5	\$1,200
ABC News	5a-6a	12/18/97	12/22/97	5a	6a	30	5	\$1,200
ABC News	6a-7a	12/18/97	12/22/97	6a	7a	30	5	\$1,200
ABC News	7a-8a	12/18/97	12/22/97	7a	8a	30	5	\$1,200
ABC News	8a-9a	12/18/97	12/22/97	8a	9a	30	5	\$1,200
ABC News	9a-10a	12/18/97	12/22/97	9a	10a	30	5	\$1,200
ABC News	10a-11a	12/18/97	12/22/97	10a	11a	30	5	\$1,200
ABC News	11a-12p	12/18/97	12/22/97	11a	12p	30	5	\$1,200
ABC News	12p-1p	12/18/97	12/22/97	12p	1p	30	5	\$1,200
ABC News	1p-2p	12/18/97	12/22/97	1p	2p	30	5	\$1,200
ABC News	2p-3p	12/18/97	12/22/97	2p	3p	30	5	\$1,200
ABC News	3p-4p	12/18/97	12/22/97	3p	4p	30	5	\$1,200
ABC News	4p-5p	12/18/97	12/22/97	4p	5p	30	5	\$1,200
ABC News	5p-6p	12/18/97	12/22/97	5p	6p	30	5	\$1,200
ABC News	6p-7p	12/18/97	12/22/97	6p	7p	30	5	\$1,200
ABC News	7p-8p	12/18/97	12/22/97	7p	8p	30	5	\$1,200
ABC News	8p-9p	12/18/97	12/22/97	8p	9p	30	5	\$1,200
ABC News	9p-10p	12/18/97	12/22/97	9p	10p	30	5	\$1,200
ABC News	10p-11p	12/18/97	12/22/97	10p	11p	30	5	\$1,200
ABC News	11p-12a	12/18/97	12/22/97	11p	12a	30	5	\$1,200
ABC News	12a-12:35a	12/18/97	12/22/97	12a	12:35a	30	5	\$1,200
ABC News	12:35a-1a	12/18/97	12/22/97	12:35a	1a	30	5	\$1,200
ABC News	1a-1:35a	12/18/97	12/22/97	1a	1:35a	30	5	\$1,200
ABC News	1:35a-2a	12/18/97	12/22/97	1:35a	2a	30	5	\$1,200
ABC News	2a-3a	12/18/97	12/22/97	2a	3a	30	5	\$1,200
ABC News	3a-4a	12/18/97	12/22/97	3a	4a	30	5	\$1,200
ABC News	4a-5a	12/18/97	12/22/97	4a	5a	30	5	\$1,200
ABC News	5a-6a	12/18/97	12/22/97	5a	6a	30	5	\$1,200
ABC News	6a-7a	12/18/97	12/22/97	6a	7a	30	5	\$1,200
ABC News	7a-8a	12/18/97	12/22/97	7a	8a	30	5	\$1,200
ABC News	8a-9a	12/18/97	12/22/97	8a	9a	30	5	\$1,200
ABC News	9a-10a	12/18/97	12/22/97	9a	10a	30	5	\$1,200
ABC News	10a-11a	12/18/97	12/22/97	10a	11a	30	5	\$1,200
ABC News	11a-12p	12/18/97	12/22/97	11a	12p	30	5	\$1,200
ABC News	12p-1p	12/18/97	12/22/97	12p	1p	30	5	\$1,200
ABC News	1p-2p	12/18/97	12/22/97	1p	2p	30	5	\$1,200
ABC News	2p-3p	12/18/97	12/22/97	2p	3p	30	5	\$1,200
ABC News	3p-4p	12/18/97	12/22/97	3p	4p	30	5	\$1,200
ABC News	4p-5p	12/18/97	12/22/97	4p	5p	30	5	\$1,200
ABC News	5p-6p	12/18/97	12/22/97	5p	6p	30	5	\$1,200
ABC News	6p-7p	12/18/97	12/22/97	6p	7p	30	5	\$1,200
ABC News	7p-8p	12/18/97	12/22/97	7p	8p	30	5	\$1,200
ABC News	8p-9p	12/18/97	12/22/97	8p	9p	30	5	\$1,200
ABC News	9p-10p	12/18/97	12/22/97	9p	10p	30	5	\$1,200
ABC News	10p-11p	12/18/97	12/22/97	10p	11p	30	5	\$1,200
ABC News	11p-12a	12/18/97	12/22/97	11p	12a	30	5	\$1,200
ABC News	12a-12:35a	12/18/97	12/22/97	12a	12:35a	30	5	\$1,200
ABC News	12:35a-1a	12/18/97	12/22/97	12:35a	1a	30	5	\$1,200
ABC News	1a-1:35a	12/18/97	12/22/97	1a	1:35a	30	5	\$1,200
ABC News	1:35a-2a	12/18/97	12/22/97	1:35a	2a	30	5	\$1,200
ABC News	2a-3a	12/18/97	12/22/97	2a	3a	30	5	\$1,200
ABC News	3a-4a	12/18/97	12/22/97	3a	4a	30	5	\$1,200
ABC News	4a-5a	12/18/97	12/22/97	4a	5a	30	5	\$1,200
ABC News	5a-6a	12/18/97	12/22/97	5a	6a	30	5	\$1,200
ABC News	6a-7a	12/18/97	12/22/97	6a	7a	30	5	\$1,200
ABC News	7a-8a	12/18/97	12/22/97	7a	8a	30	5	\$1,200
ABC News	8a-9a	12/18/97	12/22/97	8a	9a	30	5	\$1,200
ABC News	9a-10a	12/18/97	12/22/97	9a	10a	30	5	\$1,200
ABC News	10a-11a	12/18/97	12/22/97	10a	11a	30</		

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Compiled with the assistance of Lautro 88

THE above is a summary of the main points of the report. The full report is available from the following sources:

**RED PRICE:** Also called redemption price. The value of a vehicle, minus wear, used South, for registration.

After the merger, the company's return on assets will be 10 percent, says the company's chief financial officer. The company's return on assets will be 10 percent, says the company's chief financial officer.

**SCHEME PARTICULARS AND SUPPORT:** The most recent report and opinion

Other explanatory notes are contained in

1700 hours, ☐ - 1701 to midnight, daily during

THE 675-375-5041

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## FINANCIAL TIMES WEEKEND JUNE 27/JUNE 28 1992

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Toronto Composite and Indexes - 1000, Toronto Index based 1975 and Montreal Portfolio 4/71		and Day - 1000, JSE Gold - 255.7, JSE 26, Industrial - 204.7, Opt Petroleum Pct (weekly) and Mining - 200.0		and Day - 1000, JSE Gold - 255.7, JSE 26, Industrial - 204.7, Opt Petroleum Pct (weekly) and Mining - 200.0		and Day - 1000, JSE Gold - 255.7, JSE 26, Industrial - 204.7, Opt Petroleum Pct (weekly) and Mining - 200.0	
Index	Value	Index	Value	Index	Value	Index	Value
Toronto Composite	1000	Toronto Index	1000	Montreal Portfolio	1000	Day - 1000	1000
JSE Gold	255.7	JSE 26	204.7	Opt Petroleum Pct	200.0	Mining	200.0
Industrial	204.7	Opt Petroleum Pct	200.0	Mining	200.0		
Unavailable							







## LONDON SHARE SERVICE

## AMERICANS

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589
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# Weekend FT

SECTION II

Weekend June 27 / June 28 1992

## Woman who climbed too high

**T**HE DIVIDING line between heroism and folly, passion and obsession, success and failure, can be perilously thin. So it was with Wanda Rutkiewicz, a Pole of striking beauty and power and the greatest woman high-altitude mountaineer of her time.

She died, aged 49, while driving herself beyond human limits during a final push to the summit of Kangchenjunga in the border region between Nepal and Sikkim last month. Her mysterious disappearance in the "death zone" above 8,000 metres (26,560 ft) on the world's third highest peak seems destined to transform this controversial personality into a climbing legend.

She was a mountaineer of heroic stature who led the way for women in a man's domain. In 17 years she made 22 expeditions to the Himalayas, ascending eight of the world's 14 highest peaks, a feat achieved by

just 13 men. She was the third woman to climb Everest and the first to conquer K2, the world's second highest mountain.

Yet she could appear a lonely, driven person whose domineering style alienated some fellow climbers and whose passion to reach the top may have led her to step beyond the bounds of prudence. Her obsession had already cost her two husbands. Some were shocked that she carried on climbing after colleagues had died - but perhaps she had lived close to death for so long that she had become inured to its horror.

Kangchenjunga is justifiably feared by climbers. The 8,586m mountain calls for highly technical

vertical climbing, requiring ice-axes, crampons, ice screws and ropes. This spring Wanda launched her third attempt on the peak. A year earlier her first effort had ended when she discovered the bodies of two Slovenian climbers at 8,000m. They had reached 8,400m, but had fallen. She was furious when the Yugoslav leader halted the expedition.

In early March, accompanied by Arek Gasienica, a young Pole, Wanda joined a Mexican expedition to climb the north ridge route pioneered by Doug Scott, the British mountaineer, in 1979. The team was led by an experienced climbing acquaintance, Carlos Carsolio, 28,

and included his wife, Elsa, his brother Alfredo and Andres Delgado, another Mexican.

Their first summit push ended in disaster at Camp IV at 7,950m on April 23 during a storm. Elsa and Alfredo had to be evacuated by helicopter to Kathmandu, with Elsa facing the amputation of a finger due to frostbite. Carlos and Wanda decided to make a second attempt. They set off on Thursday May 7, reaching Camp II on May 10. From there Wanda set off alone at 11am only to find that Camp III had been destroyed by storms. She spent the night at 7,400m, in an ice hole.

Carlos set off at 6pm, climbing through the night, and passed her to arrive at Camp IV (also an ice cave) 550m higher. He rested during the day and Wanda arrived at 7pm. They started for the summit together in the dark at 3.30am on Tuesday May 12, but soon split up.

"Snow conditions were bad. Wanda was very slow," said Carlos. "We had agreed to go at our own pace. I reached the summit at 8pm and met her on the way down at 8pm at around 8,300m, where she was preparing to bivouac in a hole in the snow, ready to go for the summit next day."

Wanda, dressed in a down suit, was lying outside her bivouac sack 600m short of the summit. She had drunk all her water, had no gas, no stove, no food apart from a few sweets, and no sleeping bag.

Said Carlos: "I spent about ten minutes with her. She looked cold but seemed in good spirits. We talked of the technical moves - the two couloirs above Camp IV and the 20m of crumbling rock just before the top. She was pleased she had my tracks to follow. She kept looking toward the summit. She was very excited."

It was the last time anyone was to see her alive.

"I was thinking maybe I should try to persuade her to come down. But I didn't. She was very determined. This was her third attempt at Kangchenjunga. I think she felt she would never get another chance. She knew what she was doing."

But did she? To stay alive at that altitude it is essential to drink large amounts of liquid, but she had no water and no means of melting snow. At her pace it would have taken her another day to reach the summit. Even Carlos was so dehydrated and exhausted that he suffered hallucinations on his descent. First he "saw" two sherpas from a German expedition who had died two weeks before. Then he held a conversation with an imaginary Wanda. He believes now that that marked the moment of her death.

Carlos stayed at Camp IV until midday, then descended and waited for her at Camp II for three days, leaving her the tent, a sleeping bag, fuel and a walkie-talkie. He left base camp on May 21, eight days after Wanda had disappeared above 8,300m. No one could have survived at that height for so long.

How or where she died is a mystery. She may have died of cold or exhaustion. Possibly she set off in the dark, reached the summit, but fell to her death on the descent. In spite of her experience and her reputation for careful climbing, she had made a fatal error of judgment.

Wanda knew that climbers can stay alive for only a limited time above 8,000m. After her historic ascent of K2 in 1986 two of her companions, the French team of Lillan and Maurice Barrard, perished on the descent after the three of them had bivouacked at 8,900m without sleeping bags, but in a tent. Wanda wrote afterwards: "The weather was still good and I was not worried. But I should have been. One should

remain at that altitude as short a time as possible. I didn't know in the sunshine that death was following us down. I didn't see any signals of something wrong."

Why, six years later, did she fail again to read the signals? Was it the young climbers' unkind joke at base camp about her being a grand-mother - even though she had no children - which stung her into refusing to descend with Carlos? Perhaps she finally paid for continuing for too many years with her addiction.

Some may ask why Carlos did not order her off the mountain, but he was exhausted and probably not fully aware of her predicament. Even if he had been, the concept of a mountain leader whose word is law has passed - and Wanda was not the type to be ordered around.

Or again, why were they not joined by that "holy rope" which has physically and psychologically linked climbers from the earliest days? If they had been tied together Carlos would never have reached

the summit. They would jointly have been forced to retreat, but both might have survived. However, these traditional bonds are now widely ignored in Himalayan mountaineering. Above 8,000m, many climb alone. At that height, they say, a partner could not rescue you without risking death. The image of the inseparable pair, Hillary and Tensing, striking towards the summit of Everest, is now rare.

For Wanda, however, the obsessive determination which killed her also produced some of the glories of her career. As a mountaineer, she had no equal among women and few among men. She climbed in enviable style, often reaching her summits alone and by difficult routes. In addition to her eight 8,000m-plus peaks she made the first ascent in 1975 with Alison Chadwick, an English mountaineer, of Gasherbrum III (7,952m) in Pakistan, then the world's highest unclimbed mountain. She conquered many other demanding routes, including Messner's route on the north pillar of the Eiger, the north face of the Matterhorn and the eastern pillar of the Trolligen in Norway.

Once on a mountain she led by example, seeing herself as a natural leader, though others could find her difficult and bossy. One of her best friends called her the "Princess". On Annapurna last October she so annoyed Krzysztof Wielicki, a renowned Polish mountaineer, that he challenged her claim to have ascended the mountain just a day after he reached the top - but Wanda's summit photograph proved that she had.

Her physical strength and determination were legendary. In 1982 she fell off the face of Mt Kilimanjaro, slipping 500m and breaking her leg. A few months later she led the gruelling two week walk-in to K2 base camp on crutches and attempted to co-ordinate the summit push from there.

Her two husbands, neither "professional" climbers, tried to persuade her to cut down on her trips, but settled for divorce when it became clear that she would never give up her real love. To some she was distant, vulnerable, and rather a lonely person, but to others she was charming, and in her late 40s received invitations from all over the world to join expeditions.

Even in the midst of the disasters that dogged so many of her big climbs she expressed her passion for high places. Writing of her success on K2, during a season in which 13 people, including her two climbing partners, died on the mountain, she said: "At about 10.15am I reached the summit. It was my third attempt. I was excited and happy, happy to be alone there, because I could express my enormous gratitude. I knelt and prayed. I said a big thank you for the summit, for good weather and for feeling good."

**Richard Cowper traces the final steps of top climber Wanda Rutkiewicz, who vanished in the 'death zone' of icy Kangchenjunga**

It was her success on K2 that some suggest gave her a false sense of invincibility. A few years later she announced she would become the first woman to complete all 14 8,000 metre peaks, a feat achieved by just two men. She called it her "Caravan to Dreams". Her determination to do this by spring 1993 led her to attempt two, even three expeditions in a season, sometimes with people she did not know well. It was then that some came to fear that her determination might end in death.

One of her few very close friends said: "She didn't want to die; she didn't intend to die; but somehow she had nothing against it. She was slowing. Her soaring mind could no longer correlate with her body."

Wanda may have had a premonition about death before she disappeared. At Kangchenjunga base camp she is reported to have said: "For me to die up there will not be at all strange. It will be easy. After all, most of my friends are waiting for me there, in the mountains."



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### The Long View/Barry Riley

## Botching the insurance job

**O**NE DAY soon you may get a shock when you find you cannot renew your insurance at any price. It has happened to a lot of people already, though maybe not down your street.

This week, uncharacteristically, the dull business of insurance has been making headlines. Lloyd's of London duly declared its much-leaked loss of just over £2bn for the 1990 three-year account. Not to be outdone, the companies which make up the membership of the Association of British Insurers declared an aggregate 1991 trading loss of £3.3bn on general insurance; in the UK last year insurance companies paid out £1.30 in claims and expenses for every £1 of premiums.

As a reflex action, insurance men argue that premiums must rise. Yet it does not appear that slow premium growth is really the problem, for premiums climbed by 18 per cent in the UK last year.

The other solution to the problem is that claims should fall. Indeed they should, say the insurers, and they present the problem in terms of fraud, which will be highlighted in a forthcoming advertising campaign. That conveniently, they hope, shifts the blame on to the policyholders rather than the insurers. But it seems to me that the role of insurance must be more fundamentally questioned.

We come here to the problem of moral hazard. This is not just a question of the dodgy repairman's "insurance job" on to which all kinds of extras are loaded, or the attitude of the Scottish freezer-owner - unkindly singled out by the ABI - who claimed for £80b of ruined food when the freezer in question would only hold 45lb.

The influence of insurance is more pervasive. Insured assets are less carefully looked after. Consumers have filled up their homes with goods and bought expensive cars on the basis that the risks of theft or fire could be covered. Parking a car is a little like leaving £10,000 in cash in the gutter, protected only by a flimsy lock. Businesses have sunk billions into often unguarded premises. It has amounted to a huge investment in the raw material for crime, which indeed has become a growth industry: the BIA says that domestic crime claims were up 75 per cent in 1991.

Insurers weep crocodile tears at the growth of claims, but the truth is that in normal circumstances bigger claims lead to a bigger insurance industry - unless, of course, the claims start getting out of hand. Even worse than fraudsters, from this point of view, are predatory US lawyers who have driven up legal settlements beyond the imagination of Lloyd's underwriters.

But then, the insurance industry has never appeared to have a very sure management touch. I have always wondered at how badly the big listed composite companies have performed in stock market terms. The composite insurance sector index has badly underperformed the All-Share Index in the 30 years it has been calculated - only one or two dead-beat sectors like engineering and motors have done worse over that timespan. And insurance, remember, is actually a growth business.

**N**ow the insurance industry is trying to impose its own corporate governance system, featuring apparently out-of-touch chairmen and large numbers of ineffective non-executive directors, on the rest of British industry. But the British insurance companies which used to be world leaders are now retrenching and struggling; as for Lloyd's, the Continental reinsurance groups will surely prosper as Lime Street's capacity is savagely cut back.

An important factor in the poor showing of the composites is that the industry has simply not been able to handle the shift from a cartelised structure with a rates "tariff" to a competitive system. Return on capital has taken a back seat as managers have chased market share. Insurance companies have hoarded and then squandered shareholders' capital which could not

be profitably invested in the business.

Competition has had another important effect. Whereas with the cartel cross-subsidy was rife there has subsequently been a chase after good risks and an ever-increasing segmentation of the market. It has reached the point where bad risks are being priced out of the market, or perhaps turned away point blank. If this simply applies to flashy sports cars perhaps little harm will be done, except to Porsche or Lotus. But in other cases there could be dangerous social implications. What happens if an old-age pensioner in an inner city area cannot obtain household cover? And if the government decides that people should be entitled to drive a car at the age of 17, is it right that the insurance companies should, through penal loading, effectively impose an age limit of 25 instead?

**I**f insurance becomes too expensive you have to change your lifestyle. In the South of France big houses are surrounded by barbed wire and vicious dogs. Drivers in Italy are forced to remove their car hi-fi units and carry them around after they have parked. Those American lawyers may have done a splendid job for their existing clients, and are no doubt now licking their lips at the prospect of tobacco company suits, but future victims may find themselves uncovered. Indeed, in some of these corporate liability cases insurance is almost becoming counterproductive, because lawyers go most eagerly after the parties that they know have cover.

Perhaps the US is demonstrating the reduction of absurdities of the insurance concept. Insurance companies - and poor old Lloyd's Names - have funded the huge escalation of claims and court awards. It is not yet as bad in the UK. But insurance companies have got to abandon the idea that they can simply keep jacking up premiums and they must refine their ideas about what constitutes an insurable risk.

We may have to learn not to tuck quite so many frozen TV dinners away in the freezer.

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MARKETS

London Markets

# There's no free four-course lunch

By Peter Martin, Financial Editor

The old BP was a place where the standard fare in the visitors' lunch-rooms was four full courses - soup, fish, meat, pudding - and a glass of sherry waited, ready-poured, in front of every place.

All that vanished a decade or more ago, swept away by the first of the cost-cutting waves that have broken over BP since then. Habits of thought and behaviour die harder, however. Was the abrupt departure on Thursday of Robert Horton, the group's chairman, a last-ditch attempt at survival by the old BP?

That question matters because, with all the signs pointing to an imminent dividend cut, investors must value the company on its recovery potential rather than simply looking at the yield. The drop in BP's share price after Horton's resignation - down in heavy turnover from 243p on Thursday to 209p at Friday's close - indicates that the market is uncertain of the outlook.

The drop in the share price was not enough fully to discount the halving of the dividend that analysts now expect; but it indicates a lack of confidence in the new management's ability to improve the company's performance quickly and restore the payout. The uncertainty stems from the sense that Horton left an unfinished task behind him.

It's an old oil-industry joke that Shell succeeds because of its system; BP succeeds despite its system. Two successive chairmen have tried to transform the way BP does business. Sir Peter Walters took the evolutionary approach, Robert Horton the revolutionary one. Both can claim important achievements; but neither won a decisive victory. BP's share price underperformed that of Shell by a third during Horton's tenure.

For a more optimistic view, says one former insider, look at the executive directors recently appointed to the board. Instead of BP's traditional mixture of exploration/production people and "diplomats" (the regional managers who negotiated with foreign governments) the new men spent their formative years wheeling and dealing for crude, once BP lost its automatic access to cheap oil from the Middle East.

The experience produced managers with bred-in-the-bone commercial instincts - perhaps the first such group ever to reach the top of the company.

Instincts may not be enough to overcome the handicaps under which BP now labours - a weak oil price, heavy debt, and an only partly reformed bureaucracy. Still, the changing composition of the board indicates that Horton's legacy may be a lasting one.

Curiously, as he was losing a chairman's seat, one was also slipping from his predecessor's grasp. On the day the BP announcement came, Hongkong & Shanghai Banking Corporation announced that it had won control of Midland Bank (chairman Sir Peter Walters), with the offer expected to go fully unconditional on July 10. At 2.30 that day London dealing desks are likely to start in the new shares of HSBC Holdings, the Hongkong Bank's parent. It is likely to join the FT-SE index the next day.

So, in two weeks' time, UK investors will have a big new sterling-denominated bank share to make up their minds about. (It really is a new share, by the way: past movements of HSBC stock offer little guide to the future, since the influence of Chinese political considerations will now be heavily diluted by the impact of Midland's business.)

Other decisions lie ahead for investors: the Wellcome Trust's sale of 30m shares in Wellcome, the drug company, will seek to raise roughly £3bn from investors in next month's international tender offer. The UK public offer, for which £180m of shares have been earmarked, will close on July 21, with the tender price and basis of allocations to be announced on July 27. Wellcome's shares closed the week 32p down at 89p.

## HIGHLIGHTS OF THE WEEK

	Price	Change	1992	1992
	Friday	on week	High	Low
FT-SE 100 Index	2834.7	-30.7	2757.8	2582.7
Abbey National	281	+12	317	257
Airtours	256	-18	337	203½
Amber Day	38	-18	109	36
BP	209	-42	304	204
Brown Shipley	80	-58	204	80
Fisons	198	-43	403	188
Guinness	546	-35	644	508
Kingfisher	501	-29	582	438
LASMO	177	-16½	263	188
Midland Bank	459	+33	474	204
P & O Dair	446	-25	565	375
Rothmans B	1160	+51	1180	1003
Victoria	328	-63	409	328
Wellcome	89	-36	1174	877



about. (It really is a new share, by the way: past movements of HSBC stock offer little guide to the future, since the influence of Chinese political considerations will now be heavily diluted by the impact of Midland's business.)

Other decisions lie ahead for investors: the Wellcome Trust's sale of 30m shares in Wellcome, the drug company, will seek to raise roughly £3bn from investors in next month's international tender offer. The UK public offer, for which £180m of shares have been earmarked, will close on July 21, with the tender price and basis of allocations to be announced on July 27. Wellcome's shares closed the week 32p down at 89p.

Occasionally, the grey ranks of government statistics cast a fascinating light on stock market performance. One such moment of enlightenment came on Wednesday, when the estimates of first quarter GDP were published.

The table headed 'Consumers' Expenditure' speaks volumes about the path of the UK recession. Spending on motor vehicles peaked, in real terms, in the second quarter of 1989. Since then it has fallen by 48 per cent. Such a huge drop in sales volume is hard for any industry to cope with; under

## Serious Money

# The pricier side of life...

By John Authers

ARE YOU suffering from statistical overload? Anyone trying to take a personal finance decision will soon find out about this distressing syndrome.

Mountains of league tables exist for every product. The problem is applying them. They can prove which was the best investment to buy 25 years ago, or the best unit trust 10 years ago. But the problem, particularly where savings are concerned, is the choice, now, between a life product and a straight investment product. This is trickier.

Most people want the product to perform exactly the same task for them - to convert their savings over a long period into a big lump sum.

But statisticians face three problems. First, the new breed of unit and investment trust savings schemes have not been around long. Personal equity plans (PEPs), in which these schemes are most tax-efficient, have existed for only five years. This makes comparison with life plans, which have existed for the best part of two centuries, all the harder.

Second, the two products do not set out to do the same thing. Put money into an endowment and some of it will go towards life insurance, even if you do not need it. Such cover is important, but it can be bought much more cheaply than in a life plan. Unit and investment trust schemes also have the virtue of flexibility - you can withdraw money at any time, and receive the value of your savings, without a penal surrender value.

Third, tax raises its ugly head - collective trusts are liable for capital gains tax, unless they are held in a PEP, while endowment pay-outs are free of tax.

Comparison begins to look mighty difficult. But *Money Management* magazine has spent the last few months engaged in just this Herculean

task. Its conclusions might still leave you baffled.

The magazine accounts for the life cover as follows. It took the top-performing ten-year with-profits endowment, from Equitable Life, and asked how much the expenses of life cover had reduced its yield. The answer was equivalent to £1.85 per month from a £50 premium policy.

It then took the top-performing unit trust over ten years - N&P UK Income - and calculated how well £1.85 per month would have fared within this over ten years. This came to £581, which was then deducted from their overall figure for £50 per month, reducing £15,735 to £15,154.

This made Equitable's endowment pay-out of £13,683 look that much more competitive. But is this a valid comparison? Life cover as part of an endowment usually occupies much the same role as the free glasses you pick up at petrol stations.

For example, the leaflet for Sun Alliance's Cashdate plan devotes more space to the solar-powered calculator, compact Masterchef and free weekend holiday which you could win after taking out a plan, than it does to the "protection for your family".

These gifts might be useful to you, in which case the policy might look more attractive or they might not, in which case they are irrelevant. The life cover which comes with an endowment falls into much the same category.

Endowments are sold as investments, and it is fair to judge them solely on this basis. The £581 can fairly be restated to N&P's pay-out.

But the *Money Management* figures also show that endowments are very creditable investment performers over 10 years. The best unit trust schemes easily beat the best endowments. But the average unit trust scheme has only

made £10,202, while the average with-profits endowment has made £11,943, from total premiums paid of £5,000. Capital gains tax, for which figures are hard to obtain, would increase the gap.

Over 20 years the trend is reversed and the few unit trusts which have been going this long have managed to produce an average of £60,300 before tax, compared with £54,274 for endowments - from total premiums of £12,000.

So, for less experienced investors, life policies look decent value. Over relatively short terms, those not confident in their ability to choose a good unit trust are best sticking with an endowment.

But then comes the next statistical headache - the introduction of Peps. Calculating results for Peps is a nightmare.

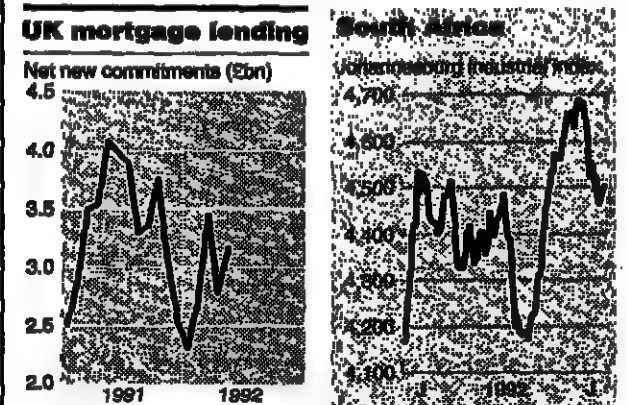
But *Money Management* has produced lump sum figures for 314 unit and 57 investment trust Peps over the last five years. Top performer is Newton Income, which has turned £1,000 into £1,956. This would have been £1,840 in a non-Pep version, showing that unit trust performance is considerably enhanced in a Pep.

The problem? Five years is a very unattractive period over which to judge an equity investment, thanks to the stock market crash of 1987, and so unit trust Peps have actually lost money over five years. Those same market conditions are also putting with-profits bonuses under threat.

Most sane individuals should now have keeled over with statistical overload. Perhaps you will have to rely on logic.

Logic shows that with a Pep you will pay less tax, enjoy greater flexibility, avoid paying for life cover and have the chance of long-term out-performance. If you are very cautious, the ten-year figures show that the life offices can still provide good value, in spite of tax burdens imposed and the need to produce life cover.

## AT A GLANCE



## Mortgage lending shows 16 per cent increase

Building societies pledged £3.21bn in new mortgage lending last month, 16 per cent up on April. However, the Building Societies Association said that the figure was still below the £4.07bn lent in May last year. It warned that the increase in loan agreements did not show that a revival in the housing market was necessarily on the way. Mark Solent, director-general of the association, said: "The rise in net new commitments is encouraging. However, it is a small rise and the figures do not yet suggest a significant upturn in activity." Last month was also poor for savings, with net receipts at £179m, down from £212m in April.

## S. Africa weathers the storm

South African stocks were hit last week by the news of the Bophuthatswana massacre, but the market soon recovered. Shares were marked down but there was little selling pressure and the overall index fell only 42 points on Monday to 3,639. Industrials (not including resources companies) slipped further by 51 to 4,471. But by the end of the week, bargain-hunters had restored the overall index to 3,648, and Industrials to 4,501. Investing in South Africa: Page V

## Tessas top £10bn total

More than 3m people have invested a total of £10.41bn in Tax Exempt Special Savings Accounts since their introduction in January 1991, according to figures published by the Inland Revenue. Just over £5bn was invested in the first three months of their introduction. This year more than £3bn was invested from January to March, compared with £487m from October to December 1991. This is because Tessa-holders were limited to a maximum of £3,000 in the first year but were able to add a further £1,500 in the second year.

## Low-cost share service

Allied-Lyons is launching a low-cost share dealing service with commissions of just 1 per cent on its own shares and no minimum. Purchases can be made on a lump sum basis or monthly savings of £50 or more. The company is also launching two personal equity plans - a corporate Pep, with an annual £5,000 limit, and a single company Pep, with a ceiling of £3,000. There will be an initial fee of £10 plus VAT and an annual management charge of 0.5 per cent, plus VAT. Brokerage fees within the Pep will be 0.25 per cent, plus stamp duty. The Pep is being administered by Bradford & Bingley (0274-556677) and details of the share dealing service can be obtained on 071-405-1765.

## Mixed views on smaller companies

Smaller Companies had another bad week. The County NatWest smaller companies index fell 1.64 per cent to 855.01 over the week to Thursday June 25. The House of Commons index (capital gains version) fell 1.82 per cent to 1211.86 over the same period. However, Mercury Asset Management is positive about the sector. It says: "Despite their recent rally, smaller companies are still trading at a discount to larger ones in p/e terms. Valuations therefore look attractive, especially if you consider the long-term view."

## Capital Gains Tax

Last week's Capital Gains Tax indexation table omitted the figures for the first four months of this year. Multiply the original cost of an asset by the following figures: 1.027 for an asset bought in January, 1.022 for February, 1.019 for March and 1.004 for April. If you subtract the result from the proceeds of a sale made in May, the difference will be your taxable gain or loss.

# Bush campaign turns heat on Greenspan

WITH THE economic recovery showing signs of cooling off, the heat was turned up on Federal Reserve chairman Alan Greenspan this week.

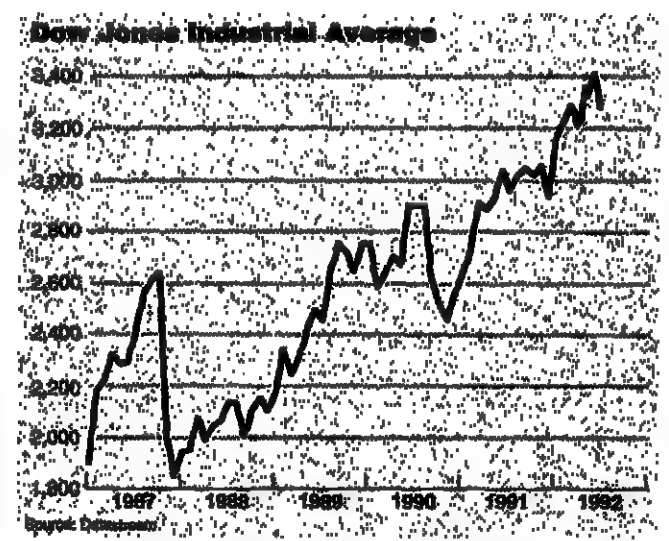
President Bush took time off on Wednesday from trading brickbats with Ross Perot via television and radio talk shows, to launch his clearest call yet for lower interest rates. In an interview with *The New York Times*, Bush said he believed the outlook for inflation was sufficiently unthreatening to allow room for another cut in interest rates. The implication of his remarks was clear: Greenspan should worry less about inflation and the bond markets, and more about the desperately weak nature of the economic recovery.

The President's plea for a policy ease, echoed a day later by Michael Boskin, his chief economic adviser, was carefully timed. The Fed's key policy-making Open Market Committee (OMC) meets next week for its monthly review of the economy and monetary policy.

The day after the meeting, traditionally the most closely watched indicator of economic health, is published. Bush knows that if anything is going to trigger another rate cut, it is the employment data. Another rise in the national unemployment rate like the one seen in May (it jumped from 7.3 per cent to 7.5 per cent), and the pressure for a policy change may be too intense to ignore.

The President also knows that later in the month the Fed chairman has to give his bi-annual Humphrey-Hawkins testimony to Congress, where he is bound to be given a rough ride over his handling of the economy if he has done nothing by then to stimulate business activity.

Politicians on both sides of the fence in Washington have been united in their belief recently that the Fed is being too cautious with monetary policy, and that Greenspan's refusal to cut interest rates one more time the last lowered rates in December) could scupper the economy's chances of making a sustainable, and



substantial, recovery from the recession of 1990-1991.

At its last meeting on May 16, the FOMC voted to adopt a neutral stance on policy. There has been no indication from within the Fed since then to suggest that that view has changed. If anything, recent pronouncements from Fed governors have confirmed that the

policy makers are content with the economy's progress.

Yet since that May meeting the economic indicators have looked especially discomfiting. This week alone saw bad news on durable goods orders (down 2.4 per cent in May), jobless claims (up 15,000 in the second week of June) and money supply (all measures down for the middle of the month).

Although the bulk of the decline in durable goods orders was due to a plunge in defence orders, the most worrying aspect of the data was that factories' backlog of orders fell for the ninth month in a row, an indication that consumer demand is not keeping pace with production. If the trend is maintained, it could have serious implications for output in the second half of the year.

So what does all this mean for the stock market? One thing is sure: without an interest rate cut, share prices will not be scaling any new summits in a hurry.

The 70-point drop in the Dow of a week ago may have cleared the air, and lured a few buyers back into the market. But if this week's feeble performance (the Dow moved up and down in the tightest of ranges on light trading volume) is anything to go by, no one is going to buy this market until the discount rate, currently at 3.5 per cent, has been cut, preferably to 3 per cent.

If the feeble state of the economy were not enough to worry about, equity investors this week had to contend with a possible national rail strike, which some analysts warned could put the skids under the recovery, and a Supreme Court ruling that may have opened the door to potentially costly litigation against the big tobacco companies. That the market look both in its stride suggests no one is panicking, at least not just yet.

For the moment, the only thing Wall Street can look forward to is perhaps some quarterly "window dressing". Watch out next week for money managers buying stocks in the hope of making their portfolios, and with it their performance, look a little bit better for the end of what has been a difficult second quarter.

Patrick Harverson

Monday	3280.80	- 4.55
Tuesday	3286.02	+ 4.82
Wednesday	3280.70	- 5.08
Thursday	3284.01	- 6.89

## The Bottom Line

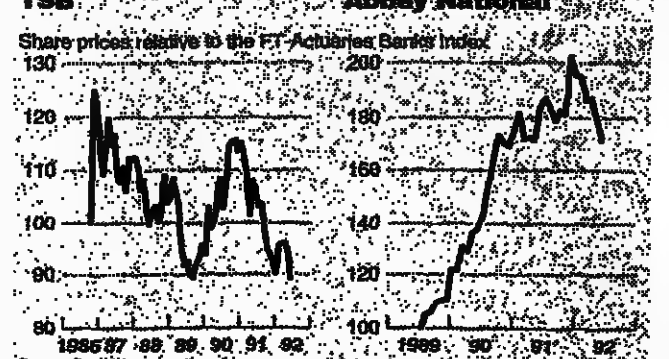
# Two tales of high street banking

TSB returned to the black this week with pre-tax profits of £82m in the first half of its financial year to April 30.

It was not a particularly sparkling performance but it was a world away from the misery of TSB's first half results in 1991, when heavy losses at Hill Samuel, its merchant banking arm, plunged it into a £150m loss after making bad debt provisions of £422m.

The market seems to have seen this improvement coming. After being out of favour during the second half of last year, TSB has generally outperformed the market in 1992.

TSB clearly feels that it has things back under control at Hill Samuel and that its retail banking side is moving along fairly well in spite of the recession. The worst bad debt problems on its retail operations came from Mortgage Express, a now defunct subsidiary which



its lending business is marking time, but that it is chasing high interest deposit customers with considerable success.

This suggests that its interest income could come under pressure in the months ahead as it pays out more to its savers without earning more

income from loans. It may be able to offset this by selling other financial services to those well-to-do customers with their high interest savings accounts.

Perhaps this is partly why stockbroker analysts still seem to have rather muted expectations of TSB, even though there are good grounds for thinking that its troubles are over. But it is a stock with some bid potential. TSB's five year period of protection from takeover ended last autumn and unless it grows in size, it could well attract a predator.

TSB's chequered history contrasts starkly with Abbey National's seemingly effortless succession of good performances since its stock market flotation three years ago.

Abbey National is generally seen as a reliable cash generating machine with a return on capital of more than 17 per cent, even though it is even more dependent on the housing market than TSB.

Next month's Abbey National turn in its half year figures, but there is a general expectation on the market that it will show a steep rise in loan provisions.

Last year these were £155m.

This summer they could be 50 per cent up and Abbey National signalled to shareholders in April that profits will be down at the half year.

That does not necessarily mean that a poor set of results is on the way or that the medium term outlook is bad. Abbey National has a dividend cover of two, well ahead of what most other banks are capable of these days.

Abbey National has no merchant bank or corporate lending portfolio to hold it back and its record on bad debts is likely to remain far better than those of its competitors among banks and building societies.

Next year should set the seal on its run of successes when its assets overtake those of its rival of many years, the Halifax Building Society, making it the undisputed leader of the UK housing finance industry.

David Barchard



## FINANCE AND THE FAMILY

# Lloyd's: what are its prospects now?

*As losses rise and Names face financial ruin, Scheherazade Daneshkhu and Richard Lapper look to the future*

**T**HE CITY was expecting Wednesday's annual general meeting of Lloyd's of London to be tense, chaotic, even violent.

Lloyd's, which reports its results three years in arrears, announced losses of £2.06bn in 1989, leaving its Names – the individuals whose assets provide the market's capital base – facing average losses of £63,500 per head.

Names on catastrophe reinsurance syndicates, which were overwhelmed by claims from Hugo, the hurricane that devastated the Caribbean in September 1989, and other natural disasters, bore the brunt and must contend with bigger average losses. About 4,000 Names on Goods Walker syndicates suffered losses of at least £100,000 per head, for example.

In the event Wednesday's meeting passed off without incident. The now closed accounts for the 1989 year were described by David Coleridge, the chairman, as "one of the darkest chapters" in the insurance market's 300-year history. But how should Names who have avoided the most severe losses and can afford to trade out of their current difficulties assess the market's prospects in the

future? And should people still consider joining Lloyd's?

The traditional advantage of Lloyd's membership – the ability to use capital twice – still holds good. Names earn returns on their assets from both investment and underwriting. And in some ways the market is in a better state today than it was a year ago, when its 1988 losses of £510m, the first deficit for 20 years, were announced.

Insurance rates in many sectors are increasing; quite sharply in cases such as Japanese reinsurance, where competition had driven premiums to very low levels.

Many of the least efficient syndicates and agencies and the less successful underwriters have been pushed out of business, as rationalisation proceeds apace. There are at least 70 fewer syndicates trading in 1992 than last year.

The result for 1990 will be poor, and a loss of £1bn is expected when Lloyd's announces the outcome next year. But 1991 could be better and Lloyd's should certainly be back in the black – barring a run of catastrophes – by 1992, when results for this year are reported in 1993.

More important, Lloyd's could soon institute reforms,

suggested by the task force, which completed an extensive review of business practices on the market in January. These would change the principle of unlimited liability, by which Names are liable for all losses, down to their smallest possessions.

For underwriting years starting in January 1993, Names' losses will be capped at an amount equivalent to 80 per cent of their premium income limits over four years. Thus, a Name underwriting £1m (for which he would need to deposit £300,000 with Lloyd's) could lose no more than £240,000 over a four year period. However, this will not help losses for the underwriting years 1990, 1991, and 1992.

Advisers agree that things have improved. Max Lehrain, of Grimston Scott, which advises Names on their finances and choice of syndicates, says that for the right kind of investor it is a good time to join Lloyd's. "We are at or near the nadir of the insurance cycle," he says.

Robert Saunders, of Smith & Williamson, agrees. He says trading conditions are better than in the late 1980s and people wanting to become Names can join virtually any syndicate.

Never the less, advisers strike a note of caution. More than 1,000 Names are seeking compensation for their losses from their agents and, in one case, from Lloyd's Corporation itself, in a series of legal actions alleging negligence.

This litigation is bound to affect confidence in the market at a time when the resources of existing Names are depleted. As many as 4,000 of the 23,300 Names currently trading at Lloyd's could resign at the end of the year, depressing the size of the market's capital base and increasing the relative costs of doing business at Lloyd's.

Mike Voller, Lloyd's specialist at accountants BDO Binder Hamlyn, says that if confidence declines, Lloyd's might shrink and become a much more risky investment. "A year ago we might have said it would be a good time to join but there is so much uncertainty now that we could not recommend it."

Voller suggests it is better to wait a year to see how the market develops next year, and perhaps join in 1994.

Most agree that Names must find out more about the business they are in than they would with more orthodox investments. Many of those



worst hit by the losses of 1989 and 1990 knew very little about their syndicates.

Lehrain offers the following advice to would-be Names.

■ Be fully aware of the risks

■ Make sure you have enough money. His own conditions for this are more stringent than Lloyd's itself. "You should have an annual income of at least £100,000 and means of £250,000

excluding your primary property or the investments upon which you rely for income. In addition, you should be able to write out a cheque for £50,000 with no difficulty.

■ You do not have to choose the riskiest syndicates just as you would not put your whole portfolio into Japanese warrants.

## Cash calls: how to cope with the crisis

**O**VER THE coming weeks several thousand Names who have been hit hard by the market's record losses of 1989 and cash calls for 1990 will face the prospect of finding very large sums of money.

Advisers say those in this situation should not panic, but should seek expert advice.

The first thing any Name should do is to look closely at his or her finances and draw up a cash-flow chart to see how much is needed and the most tax-efficient way of raising that sum, says Robert Saunders, of Smith & Williamson.

Names should be especially cautious about using the resources of family members to meet losses because of the tax implications of doing this.

Saunders says that the Inland Revenue's treatment of loans taken out to meet Lloyd's losses has become more generous. Citing a hypothetical case of a Name facing a £100,000 loss who has a mortgage of £130,000 and £100,000 of savings in the bank, he says: "The worst thing the Name could do would be to use the savings to pay off the losses."

Saunders suggests that the savings should be used to reduce the mortgage and more money should be borrowed to pay the losses. Interest on the new £100,000 loan can be offset against the Name's marginal tax rate.

Max Lehrain, of Grimston Scott, also says that it is better to borrow rather than to sell assets, and warns that Names who panic and sell their shares are likely to face a large capital gains tax bill. Grimston Scott has organised lines of credit with building societies with interest rates in the region of 9.5 per cent to 10 per cent.

However, some Names are so badly affected that restructuring their finances will not be enough. Lehrain says that for those who are doing their best to meet their commitments, it is possible to arbitrate informally with the

agents in order to delay paying off all the losses at once. Failing that, Names can seek hardship relief from Lloyd's, or apply for bankruptcy.

Those who opt for hardship relief agree to restructure their debts to Lloyd's, with their unpaid loss converted into a loan at a commercial rate of interest. Terms are confidential and negotiated on a case by case basis, but generally Names are allowed to retain a home of around £125,000 in value and an annual income of about £14,000.

Lloyd's is negotiating extra funding of some £50m from agents and brokers which could lead to easier terms, but so far hardship has not proved to be a popular option. Only 39

*'It is better to borrow to pay a cash call than to sell assets'*

Names who have approached the Hardship Fund committee, chaired by Dr Mary Archer, have accepted the arrangements proposed.

"Some Names may not have realised that the Hardship Fund means just that," says Michael Voller, Lloyd's specialist at BDO Binder Hamlyn, chartered accountants. He says that bankruptcy – despite the social stigma attached – is a preferable option for some Names. "At least it wipes the slate clean."

However, all the advisers believe that those Names who are tempted to resign from Lloyd's should think again, because by doing so they will cut themselves off from potential future profits.

■ *Binder Hamlyn Helpline for Names. Tel: 081-685-9786 and ask for Michael Voller.*

R L

### Average family faces £10 per month rise in premiums

**T**HE PROBLEMS of the Lloyd's market will have an impact on the cost of motor and household insurance. But those buying insurance will be more affected by the heavy losses of the conventional insurance companies – such as Sun Alliance and Royal Insurance – highlighted this week by new figures from the Association of British Insurers.

The ABI, which represents insurers on the company market, warned this week that the "average" UK family would pay an extra £10 a month for their home and motor insurance as a result of recent premium rises.

The ABI's figures showed that insurance woes are not confined to Lloyd's. After suffering their worst

results for generations in 1990, UK insurance companies reported record trading losses of £3.3bn last year last year, with motor insurers hit by underwriting losses of £1.5bn.

However, the companies' main problems stemmed from mortgage indemnity policies, which insure building societies against losses they suffer on the sale of repossessed properties. With the number of repossessions rising and house prices falling, claims multiplied last year and losses of £1.5bn dwarfed premiums. Losses from substandard damage to domestic properties rose to £540m.

Ian Rushton, chairman of the ABI, warned that the £10 a month figure is

very much an average. "Where the industry is making and foresees exceptional losses, the increases may be significantly greater. Some rates have almost doubled already and these reflect the dramatic losses."

Ian Rushton, chairman of the association, said: "In the UK, for every £1 of premium collected, insurance companies paid £1.30 in claims and expenses."

By contrast, most of the recent losses at Lloyd's have affected syndicates specialising in commercial insurances such as marine and liability policies for large companies, and catastrophe reinsurance.

Lloyd's is the leading insurer of

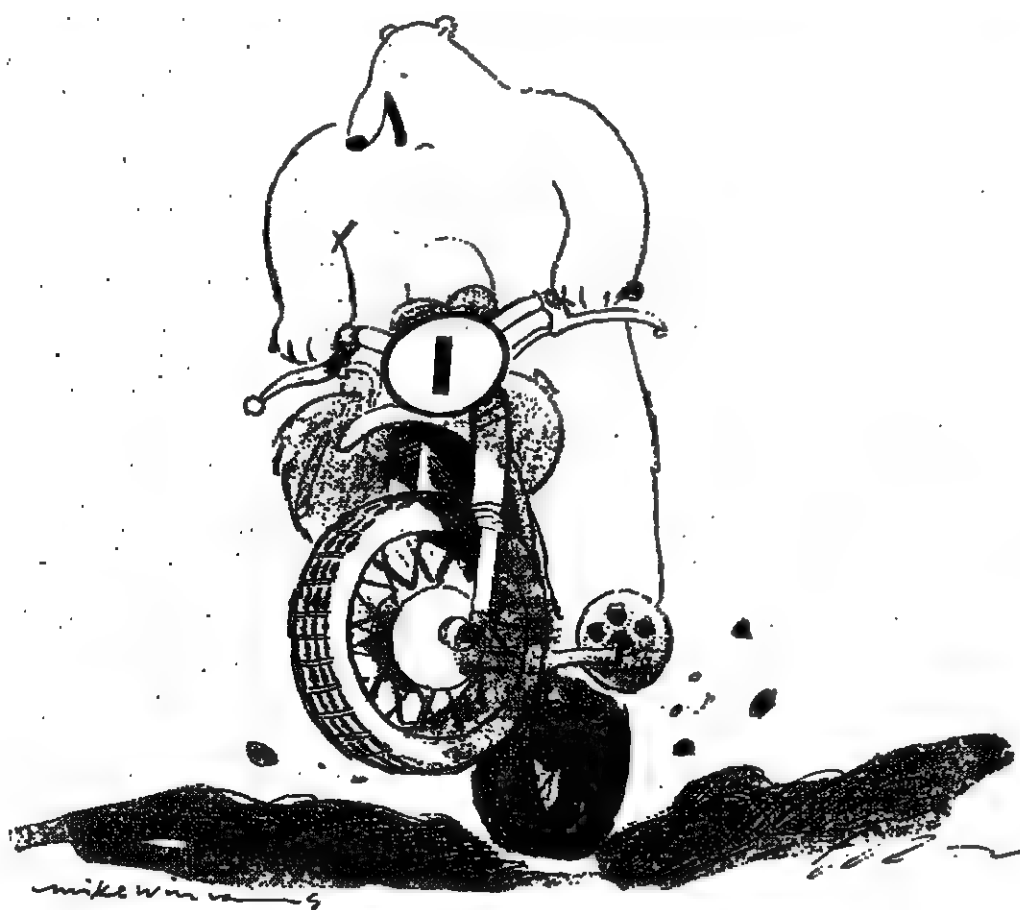
private motorists, with a market share of 14 per cent. But its results in this sector have been good. The 28 syndicates insuring private cars recorded a profit in 1989.

Syndicates have been affected by the surge in claims in 1990 and 1991 and George Johnston, chairman of the Lloyd's Motor Underwriters Association, is expecting a small loss in 1992. Johnston cites the big rise in crime and recession-related claims as the main reason.

Rates at Lloyd's have increased. Ralph Sharp, managing director of Castle Holdings, which manages one of the Lloyd's market's biggest motor insurers, says premium rates have

risen by 50 per cent over the last 18 months, although this takes into an increase scheduled for July. Paul Scott, partner of Lloyd's brokers Roger Lark and Sedgwick, believes that the increases charged by Lloyd's syndicates lag behind those pushed through by the companies.

Meanwhile, the ABI said some of the increase in claims was due to bogus and inflated claims, which cost it an estimated £400m last year. The Association is launching an advertising campaign next month in a bid to deter fraudsters. Mike Jones, chief executive of the ABI, said: "We aim to identify, spotlight and prosecute the fraudsters. They must not be allowed to get away with dodgy claims."



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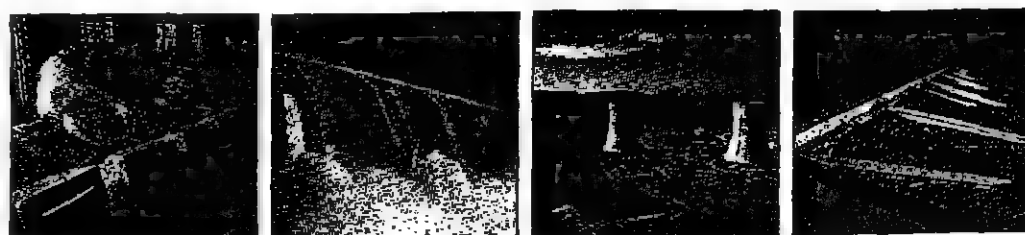
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London, 100, Mark Lane, EC3A 7NF, London EC3A 7NF, Tel. 071-423-4211  
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## FINANCE AND THE FAMILY

## Ombudsmen's workload doubles

Scheherazade Daneshkhu studies the increasing number of complaints concerning building societies

COMPLAINTS to building society ombudsmen have more than doubled over the past year. There were 9,535 complaints and inquiries in the year to March 31, according to the scheme's annual report, compared to 4,451 in the previous year. This is six times the figure for 1987-88, the scheme's first year.

Stephen Edell, the first ombudsman, said he could not account for the "flood of complaints" and said the rise was even more remarkable since Abbey National had become a bank in 1989 and therefore fell outside the jurisdiction of the scheme.

A third ombudsman, Brian Murphy, was appointed last month to join Edell and Jane Woodhead in coping with the workload.

There was also an increase in the number of cases taken up by the ombudsmen from 642 to 1,070 over the same period. Formal decisions were made in 392 cases, of which 19 were resolved wholly in favour of the customer and 45 were "partially" resolved in the complainant's favour.

The ombudsmen can make awards up to £100,000 though the largest compensation that has so far been made is £25,000. Edell said most awards made last year were in "hundreds of pounds or the low thousands."

Investment interest rates: The sharpest rise in complaints was about interest rates on

savings accounts, with over six times more complaints than in 1980-81. Typically, a building society will launch a new account with much publicity while closing an existing account to new investors. The new account will usually pay higher rates of interest but those in the old account are often unaware that there is a better replacement available.

Most of these complaints arose as a result of the launch by Nationwide Anglia of its Bright Horizons investment range in late 1989 but Edell said many other building societies operate in the same way.

He said that the onus was on investors to be "vigilant" about their savings but that building

societies should make information about new accounts "reasonably accessible".

■ **Repossession:** Complaints about mortgage repossessions increased by 171 per cent over the year. Edell said there were few cases in which action could be taken because the ombudsmen cannot stop repossessions nor can they deal with cases handled by the courts.

The most common complaint was that properties had been sold too cheaply by building societies, leaving the former home owner in debt to the building society. The ombudsmen said that even if he were to award compensation in some cases, he would not be

able to stop this being set off by the society against the amount owed by the borrower. ■ **Instant access accounts:** If a society advertises an account as instant access, the ombudsman concluded that the customer must have instant access to the cleared funds. In one case, a family was short of money because the father was out of work. His first pay cheque was wrongly coded by the paying bank and it was put into a suspense account. The society said it could not make a withdrawal against the cheque for a further three days. The ombudsman found in the complainant's favour and his claim of £100 was reimbursed.

■ **Errors in investment accounts:** Societies sometimes credit or debit an account by mistake, usually without informing the customer. In one case, £1,000 was credited to a young man who thought the money had been sent by his parents and proceeded to spend it. The society realised it had made a mistake, debited £1,000 and charged the man for the overdraft. He paid £280 before complaining to the ombudsmen who ordered the society to recredit him with £740 (the part of the original £1,000 that he had not repaid) deducted to the time of the original debit.

■ **Insurance:** Complaints about insurance more than doubled,

mainly as a result of the fees customers are charged to take out insurance other than a package offered by a building society. Few cases were taken up because the ombudsmen had already said it was reasonable for societies to charge a small fee in return for consenting to particular arrangements.

■ **Home income plans:** Edell said there were under 50 complaints in this area but wanted to highlight the distress of elderly people lured into unsuitable schemes.

Edell said that home income plans which involved paying off a fixed rate mortgage with a fixed rate annuity were excellent and virtually risk-free. However, the danger with schemes with a variable mortgage and unit-linked bond investing in equities, is that the value of bonds can fall while interest rates rise leaving people saddled with a mortgage they cannot afford.

Since these schemes involve equity based investments, they do not fall completely within the jurisdiction of the building society ombudsmen. However, Cheltenham & Gloucester, Bradford & Bingley, and Britannia have agreed to co-operate with the ombudsmen, while Bristol & West and National Counties have refused. West Bromwich is undecided.

■ **Building Societies Ombudsmen, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1K 1AW. 011-931-0044.**

## Banks face challenge over teller machines

BANKS and building societies face their most serious legal challenge from customers over cash dispensing automated teller machines (ATMs), writes Barbara Ellis.

This is in spite of words of comfort from the Building Society Ombudsmen this week. They welcomed the new £50 limit introduced by the Code of Banking Practice, on losses from unauthorised use of machines unless the bank can prove fraud or gross negligence.

Some 400 customers assembled into an action group by J. Keith Park, solicitors, of St Helena, Merseyside, are to seek a High Court ruling, within the next two to three weeks, that banks and building societies operating teller machines are in breach of contract because the machines are susceptible to error and fraud.

Each of the 400 will make detailed claims for losses through alleged unauthorised withdrawals ranging from £90 to £13,000 and totalling close to £500,000. All the claims have been rejected by banks and building societies.

For example, Barclays stated this week that out of its 15m machine transactions each month, fewer than one in every 250,000 is disputed - which would imply 60 disputes a month. Dennis Whalley, of J. Keith Park, says he has deduced, from ATM dispute case numbers on Barclays' letters to customers, that disputes have been running close to 9,000 a month.

Barclays says there is no correlation between the volume of teller machine disputes and the reference numbers which relate to computer files.

For years banks and building societies have insisted that the ATM systems are completely secure and that money can only be withdrawn with the use of a card and personal identification number (PIN).

The ombudsmen have almost invariably backed the institutions in rejecting claims from customers who detected "phantom" unauthorised withdrawals, saying that they must have unwittingly lost their cards, disclosed their PIN number or been the victim of a dishonest family member.

However, the 1989 Jack report on banking acknowledged that the PIN system was open to fraud and last year an engineer employed by the Clydesdale Bank confessed to removing £17,000 from customers' accounts by arranging phantom withdrawals using a hand-held computer.

## Pension plot thickens

EQUALITY between men and women ought to be a fairly straightforward matter. But when the UK government unveils its plans to make men and women equals in pension rights, the solution is likely to leave many unsatisfied.

This week is the closing period for comments on a government paper, published six months ago, outlining possible ways to ensure equality in social security benefits paid to men and women. At the heart of the problem is that, for a number of historical reasons, women have been allowed to retire at 60 with full State pensions while men have had to wait until 65.

Thus, women receive more pension benefits than men, because their payments start earlier. The European Court has ruled that this is unfair. However, since publication of the paper last December, government ministers have hinted broadly that the so-called "decade of retirement", which would allow individuals to retire anywhere between age 60 and 70, is unworkable. Instead, the gov-

ernment is leaning towards a common retirement age of 63. This will cost the public purse nothing, but it is still far out of tune with what is offered by most occupational pension schemes.

Mike Brown, a spokesman for the National Association of Pension Funds, the industry's trade association, said that the group has just submitted its own proposals in response to the government's paper, outlining ways to make flexibility workable and affordable for government.

The NAFF is urging a flexible decade of retirement which could begin at 60, but those who delayed receipt of their pensions until, say, 65 or 70 could receive higher monthly payments. Furthermore, Amy said, there is already some flexibility in the state pension system with women having the choice of retiring between 60 and 65 and men having a similar choice between the ages of 65 and 70. "Why not just extend all choices to everyone?" Amy says.

Pensions experts acknowl-

ed that part of the government's difficulty with flexibility is the fact that UK benefits are funded on a pay-as-you-go basis, with younger working people paying for the pensions of their parents. The government's view is that it would have to assume that if it passed new laws allowing all men to retire at 60, it would have to raise taxes to cover the possibility that all would choose to do so.

But Ron Amy, pensions director at Grand Metropolitan and vice-chairman of the NAFF, argues that this is nonsense. "The worst case assumption that everyone wants to retire at 60 must be challenged. People's decisions are much more likely to be driven by whether they have a job or not."

Norma Cohen

## New issues: a taxing problem for stags

AFTER the famine, the feast. The new issue market seemed never to have recovered from the stock market crash of November 1987 but, suddenly, investors have an embarrassment of riches.

Investors interested in this summer's crop of flotations - including Wellcome, MFI, Taunton City, Kenwood and the Daily Telegraph - should bear in mind the fact that if they are to profit from the full Capital Gains Tax will have an immediate impact on "stags" - those who buy new issues with the intention of making an instant profit by selling at the first opportunity.

The general rule is that if net gains for a tax year exceed the annual exemption - currently £2,500 - CGT will be payable on the excess at the taxpayer's marginal rate. Wives now have their own exemption but a transfer to your spouse, immediately followed by a sale, may provoke an Inland Revenue challenge.

In theory, the taxable gain will be reduced by any purchase commission payable to a stockbroker or other agent but, in practice, new issues tend to be acquired directly rather than via an intermediary.

Applicants will frequently be using borrowed funds, particularly on the more popular issues where the only way to secure a reasonable allocation is to apply for far more shares than you really want or, in many cases, can afford. The bad news is that interest payments and other financing costs do not qualify as deductible under CGT regulations.

The indexation allowance - which raises the base cost of an asset in line with the increase in the Retail Prices Index over the period of ownership - has become an invaluable CGT concession for long-term shareholders but will do little for stags. Although indexation usually starts to operate from the first day of the month following acquisition, there is no allowance if the shares are held for less than ten days.

Even those stags who are prepared to contemplate that degree of sale deferral are hardly likely to be influenced in their decision by the pro-

spect of a messy one-month inflation linkage. CGT can be avoided if the shares are injected into a personal equity plan within 42 days of flotation, but using a PEP in this way will eat into the investor's annual PEP allowances.

All this talk of capital gains has proceeded on the optimistic assumption that gains will indeed be there for the taking. If previous new issues are anything to go by, a fair number of burnt fingers should be anticipated. How can disappointed stags mitigate their losses?

Gains of this type are shel-

lled from the usual income tax charge on employee benefits by an exemption introduced in 1988. This is forfeited if more than 10 per cent of a share offering is set aside for employees or if priority rights are skewed in favour of directors or other higher-paid staff. In practice, every offer made since 1988 has complied with these conditions.

Unfortunately, this privileged treatment is restricted to general offers for sale. Employees whose companies join the market by way of a private placing will be vulnerable to an attack from the Inland Revenue if they pick up new shares on favourable terms.

Even in an offer for sale, the taxpayer will show no mercy to executives who pay less than the public for shares. Beneficiaries of a "discount" offer will pay income tax on the full amount of their discount.

David Cohen

■ David Cohen is a partner in the City law firm Palmer & Co.

## The Week Ahead

ONE OF the most important results of the week will be announced on Monday when British Steel reports figures for the year ended March. Investors will be hoping there is no repetition of the near 20 per cent fall in the share price immediately after the half-year figures, but the numbers this time are likely to make grim reading.

City forecasts vary widely but are all negative, from pre-tax losses of £75m to £165m - against profits in 1990/91 of £254m. The big question is what happens to the final dividend - the interim was unchanged at 3p but was accompanied with a veiled

warning about the final payout. The total dividend payment in 1990/91 was 8.75p a share.

General Electric Company will disclose on Wednesday its results for the year ended March that it is building up a "cash hillock", a smaller version of the cash mountain it built in the 1970s. It should have net cash of about £60m, with about the same amount tucked away in its joint-ventures with Siemens, Alcatel Alsthom and General Electric of the US.

Most analysts expect GEC to unveil pre-tax profits of between £280m and £340m against £318m a year earlier.

Kleinwort Benson forecasts that profits of about £240m should allow a material increase in the dividend to 9.5p from 8.3p last year with earnings per share up to 18.7p from 16p last time.

Loarho, the international trading conglomerate, is expected to report a significant fall in pre-tax profits and a cut in the interim dividend when it announces results for the six months to March 31. Pre-tax profits are expected to be down from £25m to £20m compared with £100m. Most analysts expect the dividend to be cut in half, from 5p to 2.5p. Some believe it may be passed altogether.

## COMPANY NEWS SUMMARY

## TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market price	Price before bid	Value of bid	Offeror
BHP	35	34	21.34	14.66	BHP Group
Crest	45	45	29	16	AFE SA
Dowry	190	190	43.42	146.58	TI Group
IRG	140	127	23.16	116.84	Barris Group
Pathology	175	170	23.06	151.94	Corning
Maudslayi	270	264	91.08	78.92	Kelco
Microwe	125 1/2	124	113	112	Meggitt
Midland	480	478	372	108	Greene King
Novel	460	465	37.70	122.30	Booths
Pease & Giles	363 1/2	370	235	135	Bowthorpe TV
Tyne Tees TV	294	276	234	60	Yorkshire TV
Worcester	225	223	188	37	Robert Bosch

\*All cash offer. †Cash alternative. ‡For capital not already held. §Interim dividend. ¶Based on 2.30 pm prices 26/6/92. ††Shares & cash. ‡‡Based on local prices.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Profit after tax (£000)	Dividend per share (p)
AAH Holdings	Mar	32,200	(28,700)	31.8
Adams & Smith	Dec	422	(3,270 L)	0.2
Alcon	Mar	3,210	(5,250)	9.69
Amber Industrial	Mar	2,550	(1,610)	34.0
Birkdale Group	Mar	202	(1,530 L)	1.6
BPS Industries	Mar	37,800	(77,800)	6.0
Bristol & West	Mar	5,240	(2,970)	68.9
Brit Airways Holiday	Mar	2,700	(2,100)	-
Brown Shipley	Mar	27,140 L	(3,720 L)	-
Brown & Tones	Mar	975 L	(1,170 L)	-
BTP	Mar	18,200	(18,000)	14.8
Caledonia Int	Mar	34,700	(35,300)	84.1
Campbell & Arms	Mar	823 L	(344 L)	-
Cassidy Brothers	Apr	696	(474)	8.07
Celtic Gold	Dec	65 L	(248 L)	-
Cheltenham & Gloucester	Mar	3,300	(3,000)	19.7
Coates (Furnishers)	Dec	16,500	(19,600)	38.7
Crown (Jewels)	Mar	553 L	(4,470 L)	-
ERF	Mar	366 L	(58)	-
Feedback	Mar	36,800 L	(98,100 L)	-
Fletcher King	Apr	228	(628)	1.7
Gastromer Value Inv	Apr	2,900	(2,500)	3.81
Halsam	Mar	15,500	(13,300)	7.71
Hambros Int'l	Mar	488	(1,350)	0.01
Herby Oil & Gas	Mar	3,070	(6,150)	8.5
Hobart (Plast)	Mar	210 L	(270 L)	-
Hogg Robinson	Mar	16,200	(8,180)	14.0
Investment Co	Mar	-	-	2.76
J&S Optimum	May	2,100	(2,200)	7.25
Joyce & Sims	Apr	4,550	(2,500)	8.0
JJI Group	Mar	3,170	(2,320)	9.3
Kalamazoo	Apr	611	(3,650)	-
Latham (Jamaica)	Mar	812 L	(383 L)	-
London Electricity	Mar	142,500	(103,300)	47.6
M&P Industries	Mar	11,900 L	(3,800)	-
M. Holdings	Mar	2,240 L	(6,250)	-
NSM	Mar	5,700 L	(3,700)	-
Northwest Int'l	Mar	585,200	(542,500)	85.7
Scambrick Thos	Mar	2,540	(3,220)	2.18
Scottish Widels	Mar	72,500	(85,300)	40.3
South Wales Elec	Mar	106,300	(159,500)	47.8
Southern Electric	Mar	3,900	(4,070)	7.45
Stoddard Sakers	Mar	3,280	(2,810)	3.6
Tal	Mar	1,030	(850 L)	3.4
Tasleby Robor	Mar	581	(368)	-
Total Systems	Mar	737	(103)	5.11
Wagon Industrial	Mar	14,100	(21,500)	25.7
Wessex Water	Mar	75,900	(66,000)	57.9
Westport Group	Apr	925 L	(1,080 L)	-
Whitecroft	Mar	4,480	(2,810)	5.65
Yorkshire Water	Mar	123,500	(114,100)	57.6

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Profit after tax (£000)	Dividend per share (p)
Airtronic	Mar	5,590 L	(8,210 L)	0.65
Barris Int'l	Apr	2,670	(2,380)	1.72
Caldwell Int'l	Apr	32	(163)	-
Chatterfield	Mar	170 L	(284 L)	-
Crest Commodities	Mar	5,840	(4,680)	1.1
Electric Int'l	Mar	8,780	(8,610)	3.3
First Leisure	May	11,700	(12,100)	1.98
Gardiner Int'l	Mar	723	(1,230)	1.2
Greenwich Resources	Mar	568 L	(38 L)	-
Harcis & Hazzons	Apr	5,160	(3,400)	2.8
Heavies Brewery	Apr	177	(290)	0.8
Henderson Strata	Apr	571	(881)	-
Hoskyn Group	Apr	5,800	(8,500)	0.75
Kleinwort Benson	May	1,880	(2,170)	1.25
Lee (Artists)	Mar	804	(1,050)	1.82
Lynn Holdings	Mar	261 L	(105)	0.25
Polar	Mar	451	(482)	2.0
Prospect Inds	Mar	737 L	(112)	0.25
Ryan Holdings	Apr	1,180 L	(508 L)	0.5
Shopton Group	May	1,040	(128)	0.6
Southern	Mar	175	(195)	0.55
Southern Business	Mar	7,110	(8,470)	1.15
TSS Group	Apr	92,000	(150,000)	1.15
Waterhouse Group	Mar	85	(108 L)	-

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax per share, except where otherwise indicated. L = Loss. \$ = Figure quoted in Irish pounds. £ = Attributable revenue. £ = Available revenue. £ = Net revenue. £ = This year's figure for eight months.

## RIGHTS ISSUES

Barclays is to raise £22.7m via a 3-for-4 rights issue at 160p. Clarendon (Holdings) is to raise £22.4m via a 3-for-4 rights issue at 205p. Capital is to raise £2.95m via a 1-for-2 rights issue at 82p. Holson is to raise £2m via a 1-for-1 rights issue at 5p. Marling Industries is to raise £19.5m via a 4-for-1 rights issue at 16p.

## OFFERS FOR SALE, PLACINGS &amp; INTRODUCTIONS

Finbury Smaller Co's Int'l is to raise £7.5m via a placing of new ordinary shares & a new class of zero dividend preference shares. The Telegraph has set its flotation price at 325p, giving the group a market value of £435.5m.

## RESULTS DUE

Company	Announcement due	Dividend (p)		
		Last year	This year	
		Int.	Final	Int.
FIRIAL DIVIDENDS				
Abstract New Dawn Int Tel	Thursday	0.5	0.5	
Adams & Harvey	Monday	8.0		8.0
Alcon	Thursday	1.0	3.55	1.0
Alphacemic	Monday	0.5	1.4	0.5
Anglo United	Monday	0.5	1.1	0.5
Asprey	Monday	0.5	1.0	0.5
Avenco	Monday	0.5	1.1	0.5
Berkley Group	Monday	0.5	1.0	0.5
British Steel	Monday	1.75	3.0	1.5
Bromsgrove Industries	Tuesday	3.0	5.75	3.0
Cardo Engineering	Monday	1.45	2.45	1.5
Chatterfield	Monday	1.71	8.1	1.71
Colverson	Wednesday	7.0	14.0	7.0
Crown Int'l	Monday	2.5	3.12	2.5
Dame Int Tel	Wednesday	3.37	4.57	3.37
Debenhams Tenant & Chinnocks	Tuesday	2.4	3.5	1.0
Europe Energy	Wednesday	2.4	5.44	1.46
Ferret	Thursday	2.3	5.44	1.46
Fleming (Robert)	Thursday	2.1	27.6	2.1
Fuller, Smith & Turner	Wednesday	2.25	8.7	2.25
General Electric	Thursday	3.3	8.0	3.3
Gold Greenleaf Trust	Thursday	2.55	4.0	2.25
Grady Shipping	Thursday	3.3	8.0	3.3
Hobart	Monday	1.0	8.0	2.0
Jones & Shipman	Monday	1.8	2.9	1.8
Joseph (Leopold) Holdings	Monday	0.65	1.79	0.65
Lowndes Lansbury	Wednesday	1.0	2.0	1.0
Markhams	Friday	3.1	12.75	3.1
M&S Int'l	Tuesday	1.0	1.5	1.0
Middlesex Electricity	Tuesday	2.0	2.0	2.0
Monarch	Wednesday	10.5	6.08	10.5
Northern Electric	Wednesday	1.0	1.5	1.0
Optimistic Corp	Monday		11.58	5.05
Rickett Ship	Wednesday	1.05	2.1	1.05
Sims Food	Thursday	2.64	7.61	3.0
South Western Electricity	Thursday	10.67	7.61	5.26
TS High Income Tel	Friday	1.0	1.49	0.8
Unimac	Friday	1.65	2.24	0.75
Walker & Staff	Tuesday		3.5	
INTERIM DIVIDENDS				
Barnes	Tuesday			
Berford Int'l	Wednesday			
Clyde Blowers	Friday	0.65	7.07	0.65
Crest Nicholson	Thursday		0.01	
Dewhurst	Thursday	0.6	-1.2	
First National Finance	Friday			
Glenage Corp	Tuesday	0.32	0.81	
Glenage Group	Wednesday	2.5	4.5	
Glenworth Companies	Tuesday			
Henderson Eurobond & Money	Wednesday			
Lowell (Y) Holdings	Tuesday	3.0	5.02	
Murray Spill Capital Tel	Monday			
Partridge Fire Arts	Thursday	2.5	3.32	
Regina	Thursday	1.0	1.26	
Trando Petroleum	Monday			
Wharfedale	Wednesday			
Wilfrithway	Tuesday	1.0	1.0	
Wilfrithway's Cote	Monday			

Dividends are shown net (minus per share) and are adjusted for any intervening share issues. 2 = Second interim dividend.



## FINANCE AND THE FAMILY

Investing in . . . South Africa

## Not just a black and white choice

**S**OUTH AFRICA forces a personal investor to face a unique dilemma. Any decision you make will not just be based on investment merits, for in the past two decades the climate of world opinion about the country has ensured that any such move must involve ethical and political judgments as well.

Even those who had no qualms about investing in a nation governed by apartheid still had to assess the stability of the regime. The effect of sanctions imposed on the nation's economy also remains to be weighed.

The ideal scenario is for South Africa to transfer peacefully to a regime which the rest of the world can stomach. This would leave the strengths of the nation's economy intact and, by allowing sanctions to be lifted, allow greater economic vigour.

Optimism that this could happen has grown since the release from prison of Nelson Mandela, leader of the African National Congress, in early 1990. However, it remains only a vague sentiment as far as big UK investors are concerned.

Trustees of charity funds have slowly begun to warm towards South Africa - for

example, David Edwards, of the charity investment management service at Henderson Crosthwaite, says: "What has tended to happen over the last year is that trustees have become less averse to the inclusion of South Africa, and that mirrors the sentiment of the average private client."

However, this mood has not translated into active investment. Edwards continues: "Now that trustees are relaxing their attitude to South Africa, investment fundamentals come back in. And I don't think many fund managers have put money into South Africa because it hasn't looked right, even though the political situation looks better."

Stuart Bell, of Pensions Investment Research Consultants, surveyed UK pension funds in 1990 and found that about half had some restriction on investment in South Africa. Nothing much has happened since then - the only local authority pension fund to change its policy was that of the London borough of Brent, following loss of control by the Labour party.

"Basically, it's still a political football," says Bell. "From the commercial outlook, there has been no reason for them to

amend their views anyway."

As a legacy of South Africa's apartheid status, there are few ways to buy direct exposure to the country in the UK. Unit trusts are authorised by the Securities and Investments Board to invest up to 100 per cent of their funds in the Johannesburg stock exchange, but there are no "South Africa" unit trusts.

Funds in a commodities or gold unit trust, however, must almost inevitably have a considerable stake in the country. M&G's Gold & General fund, for example, has a holding of 32.8 per cent. But the commodity and energy sector is not one of the unit trust industry's stars. Over the year to June, the average trust in the sector lost 11.4 per cent, according to Finstat. Over two years this figure was 22.6 per cent, and over five years, 33 per cent.

Mary d'Eon, manager of Providence Capital's Gold unit trust, views the current situation as a long-term negative, but adds: "Any sort of strife in South Africa may make the gold price rise, which is good for the companies as well. I have a holding of 20 per cent in the major companies, and I will not be selling it."

A less risky route is to gain

exposure via companies quoted in the UK. Even "ethical" investors are now prepared to do this. The Merlin Ecology unit trust polled its unitholders and found a large majority against direct investment in South Africa until a "one man, one vote" system has been achieved. However, they were prepared to invest in a company which did more than its competitors to introduce good employment practices, and so the fund has invested in Reckitt & Coleman.

Reinvestment in South Africa has only just started, which may explain the market's muted reaction to the massacre in Boipatong last weekend. Mandela's subsequent decision to withdraw from talks on democracy with the government seemed to confirm the worst fears of the watching world, but the Johannesburg Stock Exchange index fell a modest 42 points to 3,639, while companies with overseas assets, such as Lonrho and Minorco, actually rose.

So, ethical arguments aside, is this the time to buy into South Africa? The answer must be definitely not.

Jonathan Martin Smith, of the South Africa and mining department of stockbrokers

Williams De Broe, is positive about the country, but says: "You have a deep recession in South Africa and the timetable for recovery is put back by this violence. I'm not saying it's not at the bottom, I'm just saying it's wise to wait."

For the longer term he remains confident. "The will is there on both sides to make this succeed. We are not entering into a civil war situation. Violence will not disappear. But the government and the ANC are powerful enough to control it."

South African exchange controls are another reason for staying put. There is a separate currency for external investors, the financial rand, which is usually at a substantial discount to the main commercial rand. Foreign investors thus have a strong disincentive to sell, particularly in troubled times, when the discount grows - it went up to 27 per cent following the news of Boipatong.

So, South Africa needs to be watched. But those who do not already have exposure should keep it that way until the political situation is much clearer.

John Authors



Johannesburg: sanctions and political tensions make South Africa a risky place for investors

## FACTFILE: South Africa

Population (inc. homelands):	38.5m
Gross Domestic Product:	£190.04bn
Market Capitalisation:	£96.7bn
Inflation Rate:	15.6 per cent
Three-month Treasury Bill Rate:	13.97 per cent
Currency & Exchange Rate:	£1 = 5.265 commercial Rand
	£1 = 7.1220 financial Rand

## Directors' Transactions

## Cash calls spark share sales

THE PAST week has been marked by directors selling in order to meet personal financial commitments. Martin Barber, the chairman, and Xavier Pullen, the managing director of Capital and Regional Properties, sold 484,000 and 242,000 shares respectively at 110p for tax liabilities.

The sale of 5m shares by James Gommie, a non-executive director of Burford, the property investment group, was made for personal financial reasons. And at Steel Burill Jones, the insurance brokers, five directors sold shares in order to fulfil their obligations to Lloyd's of London.

Bodycote International, which manufactures industrial protective clothing, has been performing strongly over the past year. Sales by the managing director of operations in the Netherlands, and by Joseph Dwek, the chairman, were made at prices around 440p. The Netherlands operations MD no longer holds any stock in the company, but Dwek still retains a sizeable proportion.

Racal Electronics has also

been performing well following good final results and director buying continues unabated. Michael Richardson, chief executive of the electronic security division, has increased his holding by 100,000 shares at 87.5p.

At Porter Chadburn three directors bought shares following a period of relative underperformance and the announcement of final results. Raymond Dinkin, the chairman, William Lazarus, the finance director and Patrick Barrett, a non-executive director, purchased a total of 121,000 shares at prices between 30p and 88p.

Three directors of King & Shaxson, the discount house, were also buying. David Pearce, the chairman, Ian Perkins, the managing director and James Beard, a non-executive director all bought shares thereby increasing their individual holdings considerably. Pearce recently replaced William d'Abbans as chairman and prior to this purchase held no shares in the company.

Angus MacDonald  
Directus Ltd

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Sector	Shares	Value	No of directors
<b>SALES</b>				
Acasot & Hutchison	Fdm	18,833	20	1
Appleby Westward	Fdm	80,000	188	1
Bodycote	Cong	70,730	811	2
Burford Holdings	Prop	8,000,000	4,040	1
Canfor "A"	Stor	75,000	11	1
Capital & Regional	Prop	726,000	789	2
Concentric	EngG	3,000	11	1
EIS Group	EngG	29,405	158	2
Fired Earth Tiles	Stor	54,040	35	2
Gi Portland CUL	Prop	250,000	240	1
Hambros	M&B	823,717	2,043	1
Scapa	IndM	187,148	360	2
Steel Burill Jones	InsB	282,500	735	5
Trace Computers	Elec	105,250	34	4
Watmoughs	Mdia	41,850	185	1
Wickes	BigM	65,000	55	1
<b>PURCHASES</b>				
Bedford (Wm)	Stor	200,000	44	1
Gi Portland	Prop	155,000	173	1
Hilldown Holdings	Fdm	20,000	33	1
Inchcape	BusS	8,000	29	1
Johnston Group	BigM	10,000	20	1
King & Shaxson	OthF	28,500	21	3
Morrison (Wm)	Fdm	12,000	14	1
Owen & Rob Ln Nls	Stor	850,000	850	1
Owen & Rob A P Prof	Stor	500,000	275	1
Parkland Tex ANV	Text	30,000	23	2
Pilkington	BigM	10,000	13	1
Porter Chadburn	Cong	121,000	45	3
Racal	Elec	100,000	68	1
Royal Insurance	InsC	5,977	15	2
Sand Murray Elder	Moto	80,000	100	1
Sharpe & Fisher	BigM	32,500	31	1

Value expressed in £200s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options ("I" if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 3-7 September 1992.

Source: Directus Ltd, Edinburgh

## WALES

The FT proposes to publish this survey on September 16 1992.

from its print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be read by senior businessmen and government officials in 160 countries world wide. It will also be of particular interest to the 130,000 directors and managers in the UK, who read the weekday FT. If you wish to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Wales, call

Clive Radford  
on 0272 292565 Fax 0272 225974  
Merchant House, Wapping Road, Bristol BS1 4RU  
Data source: BMRC Businessman Survey 1990

FT SURVEYS

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NATIONAL SAVINGS

When completed please return this form with your cheque to: National Savings (CB), FREEPOST GW 3276, Glasgow G58 1BR

FT511

## NATIONAL SAVINGS CAPITAL BONDS Series D Application to purchase

1 I apply for a Bond (subject to the terms of the prospectus) to the value of £

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Please use CAPITAL letters

3 M Surname (Mr Mrs Miss Ms) All forenames

Address

Postcode

Date of birth (Essential if under 7)

Day Month Year

Signature

Date

Daytime telephone number

This form cannot be used to purchase a Bond at a post office



## THE CAPITAL PORTFOLIO

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\*Source: The WM Company.

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\*Source: BZW Investment Trust Service (1st May 1992) based on mid-market price.

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## FINANCE AND THE FAMILY

## Pension purchase fears

Pension fund managers fear that evidence of Robert Maxwell's raids on pension schemes of companies under his control is being used to induce people, particularly those who have just been made redundant, into mistaken purchases of personal pensions.

Company scheme managers feel frustrated by the present rules which prevent them from advising members but have allowed thousands of inappropriate sales to take place.

The harm done may not be apparent for some years, but they say that disciplinary action by Lauro (Life Assurance and Unit Trust Regulatory Organisation) now under way will not address this basic flaw.

Paul Trickett, head of pensions at the Mineworkers' Pension Scheme, said some 12,000 of the 16,000 miners leaving the industry last year had transferred into personal pensions. The scheme had paid out £400m in transfers, implying around £30m worth of sales commission.

Trickett said a number of insurance companies had recruited former miners as salesmen, sending them to sell pensions to former workmates after just two weeks' training.

"We get relatively elderly men - some over 55 - who would have had a guaranteed indexed pension for life and for their widows with the Miners' Pension Scheme. They transfer out, and that has got to be poor advice," he said.

Trickett added that in some cases miners still working had left the scheme to take out

rebate-only pensions without life insurance cover.

"It cannot be best advice for someone in the mining industry to have no death-in-service or disability benefits," he said.

Barred by the Financial Services Act from giving advice to members on transfers, the miners' scheme is considering arranging free access to independent advice on a non-commission basis.

The scheme provides all leavers with a leaflet setting out questions that pension salesmen should be asked.

Until recently, the leaflet included a statement which,

leaflet, partly because nobody ever signed it.

Mark Adams, of Rank Xerox pensions, said that the group had published a booklet specifically dealing with pension transfers after becoming concerned at seeing members with deferred pensions withdrawing substantial amounts of capital when this was really not appropriate.

The Rank Xerox booklet explains that the group cannot give advice on transfer decisions. It suggests that scheme members should "if necessary consult a financial adviser who will be able to

large assurance company over an advertisement run earlier this year in the legal and public notices sections of local St Helens papers.

"ATTENTION All past employees of Pilkington's, UG Glass, Cromptons, Bury Times, Glass, Forde, Marks & Spencer and any other major company whether you are currently employed or unemployed, read the advertisement." Call Eric, it could be to your financial advantage.

Requests for transfers into the personal pensions scheme resulted, but quite a few were from people already receiving Pilkington pensions, while other were from former employees who had taken cash refunds in the days before preservation of benefits.

Neate pointed out that under the Financial Services Act, although he could give generic advice, he would be committing an offence to recommend the products of A over B.

"It seems some of the big pensions companies do not see themselves as bound in this way when perhaps they should," he said. "They do not allow lack of knowledge of our schemes to stand in their way when they travel for business."

"Whatever the theory underlying the financial services legislation, too often the fact is that the member's or former member's interests are forgotten when there are commissions to be had. Neate, who succeeded in getting the advertisement withdrawn only after threatening to inform both Lauro and the FT.

## Company pension managers are becoming worried by the sales of inappropriate personal schemes says Barbara Ellis

the scheme suggested, salesmen should be asked to sign, confirming that in respect of the cash equivalent transfer value from the MPS, the pension plan supplied would provide "no less benefit than you would have been entitled to had you kept your benefits with the Miners Pension Scheme."

"No personal pension provider could sign that," said Steve Conley, pension product manager at Refuge, who acknowledged that salesmen's failure to sign had put a brake on sales to former miners. However, the Miners' Pension Scheme had dropped the statement from its latest

give... objective advice". But Adams expressed doubts about some brokers claiming to be independent but apparently putting 99 per cent of their business through one company.

"There are very few cases you can salvage," he said. "It seems when people talk to brokers all we get is the request when the member has already signed a transfer form."

At Pilkington, Robert Neate, the group pensions manager, said that salesmen's attempts to persuade early leavers out of the scheme seemed particularly cut-throat. He recalled a battle with a

## Unlucky numbers

I WONDER if you could tell me the odds of winning a single prize on ERNIE (the Premium Bond computer) with a holding of £10,000 in 10,000 consecutive numbers over a period of two years.

After the first year of no prizes, I wrote to the Bond Office to check the numbers' validity. This was confirmed. Another year later, I have still not won anything from this maximum holding.

According to the National Savings you have been "quite phenomenally unlucky". On each monthly draw, someone with your holding has ten chances in 11 of winning at least one prize. Thus, by the law of averages, over 11 months you would expect to win ten prizes. Not to win any in 24 months, when you might have expected to win 21, stretches the bounds of probability to the limit.

However, ERNIE is random, according to National Savings - numbers are computer-generated, and the fact that occasionally someone is as unlucky as you have been only proves that ERNIE is random.

1. What would be the tax position (income, capital gains, inheritance) if I transferred ownership to my wife and she later cashed the bonds, during my lifetime or after my death?

2. Would a transfer to my wife trigger any form of tax liability?

3. What would be the tax position if the bonds remain in my ownership until my death (ie what would be the position for my executors)?

4. Yes - because the policies were issued before November 18 1990.

1. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

2. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

3. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

4. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

5. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

6. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

7. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

8. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

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10. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

11. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

12. Surrender: Income tax on the excess of the proceeds over the premium, subject to top-slicing relief from higher-rate tax (currently 15 per cent) but not from age surcharge (currently 12 1/2 per cent).

## Q&amp;A

## BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

names the properties are in. Usually where a married couple own two properties, one of them will be their joint main residence (in your case probably the house). If in fact you and your husband will have separate main residences, the one you bought first will be treated as your joint main residence for mortgage interest relief purposes.

This tie-breaker rule to which this refers is at Section 366B(5) ICTA 1988.

## Correction

THERE WAS an error in the reply "Mins on two homes" given last week. The correct reply is as follows: As a married couple, you and your husband can receive mortgage interest tax relief on only one property even if the house is your main residence and the flat is his main residence. It makes no difference whose

## BEST RATES FOR YOUR MONEY

Account	Telephone	Notice	Minimum	Rate	Int.
			deposit	%	paid
<b>INVESTMENT A/Cs and BONDS (Gross)</b>					
Scarlborough BS	First Post	0500 890578	Instant	£1,000 10.40%	Yty
Cheltenham & Gloucester BS	London Share A/C	0800 717505	Instant	£2,500 10.40%	Yty
Bristol & West BS	Balmain A/C	031 225 3857	Instant	£25,000 10.90%	Yty
Chelms BS	Premier A/C III	0500 272505	30.9.94	£10,000 11.75%	Yty
Cheltenham & Gloucester BS	Golden Term Share	0800 717505	4 Year	£25,000 12.25%	Yty

<b>TESSAS (Tax Free)</b>					
Allied Trust Bank		071 626 0679	8 Year	£9,000 12.68%	Yty
National Counties BS		0372 742211	5 Year	£3,000 12.00%	Yty
Exeter Bank		0592 50635	5 Year	£250 11.25%	Yty
Vernon BS		061 429 6282	5 Year	£1 11.70%	Yty

<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>					
Caledonian Bank	HICA	031 556 8235	Instant	£1 8.60%	Yty
UDT	Capital Plus	0734 960411	Instant	£1,000 9.40%	Yty
Chelms BS	Classic Postal	0242 521381	Instant	£1,000 9.75%	Yty
				£10,000 10.00%	Yty
				£25,000 10.50%	Yty

<b>OFFSHORE ACCOUNTS (Gross)</b>					
Woodwich (Guernsey) Ltd	Intl Gross	0481 716735	Instant	£500 9.50%	Yty
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000 10.75%	Yty
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000 11.00%	OM
				£25,000 11.25%	OM
				£50,000 11.75%	OM

<b>GUARANTEED INCOME BONDS (Net)</b>					
Prosperity Life FN		0800 521546	1 Year	£25,000 8.35%	Yty
Financial Assurance FN		081 357 8000	2 Year	£5,000 8.30%	Yty
Liberty Life FN		081 440 8210	3 Year	£25,000 8.40%	Yty
Financial Assurance FN		081 357 8000	4 Year	£5,000 8.25%	Yty
Astra FN		0800 010575	5 Year	£50,000 8.40%	Yty

<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>					
Investment A/C			1 Month	£5 6.50%	Yty
Income Bonds			3 Month	£2,000 9.25%	Mty
Capital Bonds D			5 Year	£100 10.75%	OM

<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
37th Issue			5 Year	£25 8.00%	OM
5th Index Linked			5 Year	£25 4.50%	OM
Childrens Bond B			5 Year	£25 10.94%	OM

This table corrects errors in the previous issue. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate. All other rates are variable. OM = Interest paid on mortgage. Yty = Not Rate, Y = Bond, B = Rate fixed until 1.10.92. \* = Rate fixed until 1.10.92. \* = Rate fixed until 1.10.92. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Welham House, Statham, Norwich. Readers can obtain a complimentary copy by phoning 0800 982800.

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## GARDENING

## The seeds of discontent

There is tension over the sorbet in the Sloane-Wally household, reports Robin Lane Fox

IT IS an extraordinary season and its wonderful strangeness has not been lost on the Sussex Old Rectory to which Julian and Veronica Sloane-Wally emigrated from Onslow Gardens in 1986.

Since then the property-market has gone wildly up and now wildly down, narrowing the former Sussex-to-London gap. None the less, there are no thoughts of returning, because the garden is coming on stream. Five years is the span which a newly-planted garden needs in order to begin to show its mettle. This weekend, the Sloane-Wallys are entertaining friends in a big way, but there is a slight unease between them as they look at the fruits of their past years' experience. It goes beyond the usual ups and downs of mistakes and difficult seasons.

It is not just that the entire garden, like yours or mine, may well be over for the year by Sunday. All week, Veronica has been praying that the old-fashioned rose borders will not have dropped their petals

by 6pm on Saturday: even Julian lost some of his optimism when he found himself dead-heading the pink delphiniums on Wednesday after work. Magenta geraniums are fading with the first flush of flower on the purple petunias, and the tassels of Love-Lies-Bleeding are already tumbling from the terracotta pots which Julian recently bought.

For Love-Lies-Bleeding is not quite the emblem of the enterprise, but, as the five years have passed, a clear rift has developed between the two partners' styles. Histories of gardening have much to say about the great English gardens which have resulted from husband-and-wife partnerships, but they have less to say about those which emerge when he and she disagree.

Julian has held firm to his taste for boldness, order and formality: this weekend, he is particularly proud of the walk of upright Ballerina apple-trees, which he bought for the lower lawn when they first appeared at Chelsea. Veronica, however, has wavered.

At first, she thought she wanted controlled planting in formal beds, packed together tightly so that none of it flopped. In the last two years, she has changed course and now has fastened on to the natural look. Wild flowers keep company with purples and pale yellows as a breath of hedgerow in the garden. There are no weed-killers in her ecological Eden, although the white Ox-eye daisies have driven out everything else which she raised from the famous Farmers' Night-

mare seed-mixture, pioneered by Miriam Rothschild.

On late summer evenings, Julian longs to root out the jungle of white-flowered Feverfew which has been allowed to seed into Little Singingbird, the all-white garden which they started together, adding only a touch of purple foliage. When Veronica caught him with a Killarney in the twilight, the two of them realised that a garden can become grounds for divorce. Since then, separate spheres have been the answer. Half of the garden is trimmed, edged and given over to Julian's growing taste for clipped hedges. The other half has meadow planting in which vetch twines among Evening Primrose and white-flowered Lavatera Barnsley.

Gardens should breed unity, not

division, but what really alarms Julian is that this taste for the hedgerow has spread to the cooking. No weekend seems safe, nowadays, from one of Veronica's forays for food from the wild: they have had nettle soup, dandelion salad, and she seems to believe everything she reads in Richard Mabey's old best-seller, *Food for Free*. The trouble has been compounded by a reunion with her old friend, Tiffany. She asked Veronica up for one of her fund-raising evenings for the Maudsley Hospital, but for once Veronica did not return overwhelmed with nostalgia for her old Chelsea comfort-area. Instead, she returned with a new zeal and plans to make ice-creams from the worst weeds in the English hedgerow.

According to Tiffany, who is very

conscious of the planet's future, this last week in June is the golden moment for an ice sorbet, the main ingredients of which can be gathered free from any hedgerow in England.

All you need are 15 to 20 heads of fully-opened flowers of an elder bush, preferably gathered on a sunny day when they are most strongly scented. Veronica swears by a Joscelyn Dimbleby recipe. It involves buying a pound of gooseberries, topping and tailing them, heating them up with the elder flowers, a spoonful of lemon juice and water, and then letting this mixture cool. Next, you should add two-thirds of a pint of cream, whipped until stiff but not thick; mix the cream into the syrupy mixture and let the whole thing cool for

several hours in a freezer. To Veronica's eye, the hedgerows this weekend are a foaming mass of greenish-yellow potential ice-cream, being ignored by the British public, who go shopping for highly-priced raspberries instead. To Julian, there is now a threat of elder among his clipped walks of purple lilacs; dinner parties, this weekend, have a definite air of tension.

On a trial run, the elder flower ice-cream turned out very oddly. This weekend, Julian is trying to ease tension with a simpler alternative from his days of bachelor cooking.

What country people knew yesterday Sloane-Wallys recycle for today's weekend, and so Veronica and Julian find themselves arguing about how best to make a pudding out of a plant which, five years ago, they were poisoning to death with SBE. First, it was the design; now it is the cooking. Gardening is not a bed of roses, and once the hedgerow look intrudes, there is nothing - not even a sorbet - at which its converts will not stop.

## Geraniums improve their status

**H**ARDY geraniums have increased quite remarkably in public favour over the past few years. It seems only a short time ago that they were regarded widely as second-class herbaceous perennials and rock plants, useful for their reliability and for the good ground-covering qualities of some varieties but attracting scarcely any specialist attention.

Now, it is quite different. There are four national collections of geraniums, the largest in the lovely garden that Marjorie Fish made at East Lambrook Manor, South Petherton, Somerset. This has been maintained by Andrew Norton and his wife, who have enlarged the nursery which has been attached to the garden for many years. Their collection has 250 species and garden varieties.

This is 100 more than the second-largest, which belongs to Rosemary Lee at Comblanchard Gardens, Coneyhurst, Billinghurst, West Sussex. She also runs a nursery, but that is open by appointment only. There are plenty of other nurseries, both specialist and general, that hold good stocks of geraniums and they seem to be increasing all the time as

demand grows.

Hardy geraniums are related to pelargoniums, much used in conservatories and for summer bedding outdoors. They are commonly, but wrongly, called geraniums; pelargoniums are not hardy. A few geraniums are genuine native plants. Some have been introduced to gardens and have produced useful varieties which have been given distinguishing names. There are also a number of species, introduced from other countries, that have liked British conditions so well that they have jumped the garden fence and established themselves in the wild.

One of these is *G. sanguineum*, which grows wild on sand dunes where it makes prostrate carpets of dark green, deeply-divided leaves studded with magenta flowers. It is a fine plant in its own right although rather a harsh colour, but in gardens it has produced several varieties, including one named *insensibile* which is a delicate pink. Another, less prostrate variety, with bright pink flowers, is called *Shepherd's Warning*. All these are small enough to be planted in rock gardens, or they can be used as edgings to borders where they can be kept under control easily.

Very different is *G. macror-*

*hizum*, a foot-high rambler with clammy, aromatic leaves and clusters of small pink flowers which vary quite a lot in shade. The best, I think, is *Ingwersen's Variety*, and it is widely available. The leaves turn bronzy-red in the autumn - and it has leaves all year, so that it makes excellent ground cover. Although it spreads rapidly, it can be pulled out very easily if it strays too far.

Another fine native species

**Arthur Hellyer looks at the increase in hardy varieties**

is the Meadow Cranesbill, *G. pratense*. In the wild it is always found on chalk or limestone; in the garden it does not seem to mind if the soil is alkaline or moderately acid. It is 2 ft or more in height with deeply-divided, very attractive leaves and loose sprays of violet-blue flowers. But the colour is variable, and I have grown one with pearl-grey flowers, which I find very attractive. Johnson's Blue is much like *G. pratense* and is, in fact, a seedling from it, probably pollinated accidentally from

another species. The flowers are a particularly fine deep violet-blue; but there is obviously some confusion about this variety as, in trying to buy plants of it, I have collected three quite different things from different nurseries.

*Cranesbill* is a popular name that can be used for all the hardy geraniums. It refers to the seed vessels, which are long and pointed like a beak. They remain decorative long after the flowers fade.

There are several middle-height geraniums for the centre of the border. Two of the best are *G. ibicem* and *G. magnificum*, but I find them so alike that I actually cannot be sure of the difference. Both have deeply-divided leaves and large, violet-blue flowers.

*G. himalayense* is a little shorter and also has large violet-blue flowers, but with a deeper centre. There is an excellent double-flowered variety of this, *G. roseum*, which is worth growing for its foliage which is rounded, deeply-veined and sage-green. The flower colour is off-white with purple veining.

Two eye-catchers that can reach 3 ft are *G. phaeum*, which, in its most popular form, has very deep maroon flowers and is known as Mourning Widow; and *G. psi-*

*lotestemon*, which is a gay magenta with a darker centre. *G. endressii* is a cheerful ramper which makes ideal ground cover up to 18 inches thick and is covered for much of the summer with rather small, clear pink flowers.

The best form for colour is *Wargrave*. Like *G. macrorhizum*, it is pulled out readily if it strays too far and it is one of the easiest plants to increase by division.

For the rock garden, or for growing on a dry wall made with plenty of soil in place of mortar, several varieties of *G. cinereum* are ideal. These have grey-green leaves, greyer in some varieties than others. The best forms, all called subcaulescens, have abundant magenta flowers.

If you want the very brightest of the lot, look for the additional name *Splendens*. This really is a splendid plant for establishing on a grey stone wall. Look also for *Ballerina*, which has grey leaves and pale lilac, purple-veined flowers.

Yet another pretty, creeping kind is *G. Buxton's Blue*, the which has light blue flowers with white centres. Unfortunately, this is one of the very few that can be a little difficult to grow, and it should be put in a place where the drainage is



**Plant of the Week**  
*Philadelphus Belle Etoile*

This is one of the numerous garden varieties of Mock Orange which vary greatly in height, size of flower and the number of petals per bloom, and also in fragrance. *Belle Etoile* is deliciously scented and throws its perfume a long way. The flowers are single, pure white with a small purple blotch in the centre, and are carried freely in good clusters. It averages 5 feet in height and a little more in diameter but can be kept smaller by pruning immediately after flowering when the old flowering stems can be cut out but the new growth retained or, at most, thinned a little. Other notably good varieties in this group are *Beaulieu*, *Manseau d'hermine*, *Sybilie*, all with single flowers, and *Virginal*, with double flowers. AH

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## SUMMER FOOD AND DRINK

Royal Ascot is over, England have lost the Second Test but the Season is still in full swing. Henley and Goodwood are among the treats to

# Life beyond Chardonnay

**B**ELIEVE IT or not, people other than advertising salespersons recognise "summer wine" as a concept. As soon as Wimbledon and school sports days are in prospect, wine drinkers like me suddenly become passionate about things like rosé and fino sherry that we ignore in midwinter.

Recent in-depth immersion in the bottles on offer from Britain's wine merchants and wine-minded branches of the supermarkets left me Chardonnayed out, and I am most enthusiastic about a clutch of characterful rosés, and the exhilaratingly light, taste-bud-tantalising SOCIETY'S FINO (24.75 from The Wine Society of Stevenage); much more of a dry white than a sherry.

It is ludicrously cheap for a high-strength (16 per cent), high-tradition wine. But perhaps the Spanish government has decided to subsidise the whole of the sherry business as well as everything else this year. In for an Olympic peace.

As for the rosés, most captivating of all for drinking with food was MAS JULIEN ROSE, COTEAUX DU LANGUEDOC 1991 (25.95 La Vigneronne of London SW7), a heady, berry, savoury wine made from Cinsaut, Syrah (the two most successful grape varieties for rosé) plus Mourvèdre and Carignan. This is hand-made wine which would grace any dinner table - none of your Tizer, Skall's FORTANT ROSE DE SYRAH 1991 (23.49 Victoria Wine) is a bit more Tizerlike (as the grape-embossed bottle suggests) and another Languedoc specimen, but it is very lively, crisp and aromatic, and is saved by its good acid from tasting cloyingly sweet - a common inconvenience in pink, and especially, "blush" wines. Equally good value is a wine made from the Bordeaux grape in Chile, SANTA RITA CABERNET SAUVIGNON ROSE 1991 (23.99 Oddbins) which starts fruity but finishes dry. It would make a good, easy aperitif.

Prize for the most delightfully bizarre wine available at more than 150 shops must go to the BRACHETTO D'ACQUI (28.99 Oddbins) made by the late Giacomo Bologna in Piedmont, famous for taking Barbera seriously. I tasted it just after sampling a range of supermarket wines too often characterised by the need to buy to a price, most notably in a bevy of artificially fruit-fla-

voured fizzes specially concocted to fall below the 5.5 per cent alcohol low-strength duty limit. Part of what attracted me to this weird, dark rose-coloured, musky, sweet-but-bitter, frothy remnant of Piedmontese tradition was, I must admit, its "so what?" alcohol level of 6 per cent. But it also tastes defiantly of real grapes rather than the stinks lab.

Too many Chardonnays today (to my probably rather precious palate) taste man-made rather than map-made. And there are signs that supplies of everyone's favourite wine, "South East" Australian Chardonnay, may just be finite. An increasing proportion of Oz whites on sale in Britain are blends of Chenin/Colombard/Semillon/Chardonnay, in order to keep the bottles below those blessed price points.

This may have something to do with the Australians' admirable drive for truth in labelling, but to find a seriously good Australian Chardonnay nowadays you will probably have to pay more than you would, say, for Marks & Spen-

to establish a foothold in the international marketplace are surely giving their wine away at prices below £3. The real double-take bottle is the stylishly labelled FAR ENOUGH PINOT NOIR 1991 (22.99 Waitrose and, under the TABLE MOUNTAIN label, Budgen). Pinot Noir is supposed to be Burgundy's impossibly finicky red grape that produces nothing but sludge under 25 a bottle. Yet here is a lively, fruity, unmistakably Pinot, light red for under £3. The catch? It is South African and has not, thank goodness, been in expensive oak casks - nor even suffered a touch of ersatz flavouring.

Even cheaper, and at least as good, is LEZIRIA, another fruitfully carefree (i.e. tannin-free) young red, said to contain 15 per cent of Pinot Noir plus 85 per cent of the juicy Periquita. It comes from a first-rate co-operative in the Ribera del Duero, agriculturally, Portugal's answer to Kent. Until last Saturday Gateway were asking only £1.99 for it, but it is worth far more than its non-introductory selling price of £2.39 a bot-

tle. Most dry white Bordeaux leaves me as cold as it tastes, but Dubouche's own CH REYNON VIEILLES VIGNES 1990 (25.99 Oddbins) is pure delight (and hasn't seen so much as a matchstick of wood). Dubouche insists on such ripeness in the grapes from these actually-not-so-old vines that he often has to send the pickers through the vineyard twice, and manages to avoid any of the aggressive herbaceousness so often associated with the Sauvignon Blanc grape. This wine is so gently perfumed and ripe that I could easily take it for a fine Alsace.

The aromatic Sauvignon with its searing acid is certainly at its most appealing in midsummer, even hay fever sufferers can smell it a tennis court away. New Zealand is a prime source of it, and while the 1991 vintage of the widely distributed MONTANA SAUVIGNON (price point: 24.99) is one of the best yet, there is more dazzling CLOUDY BAY-type fruit to be had from FALLESSE ESTATE 1991 (28 from Thresher and Butte Wines of Scotland). Even better value is the TROIS MOULINS SAUVIGNON 1991 (23.49 Oddbins, 22.75 Waitrose)

Oak - now that is a wine that sells. No wonder the oak essence is so popular. The real, coopered thing tends to add well over £1.50 to a bottle of wine, as London SW10 merchant Les and Sandeman can demonstrate with its two superior cuvées of the sprightly estate-bottled, dry white DOMAINE DE JOY, COTES DE GASCOGNE (1991 £2.50 and 1990 £2.95 respectively). I cannot abide oak for the sake of it, but the second oak-aged version really is a joy; the oak endows structure rather than sweetness or stringency to a most convincing blend dominated by the gorgeously tangy Gros Manseng grape of south west France. (Nor has a touch of oak suppressed the peachy scent of the Ardèche co-op's VIOGNIER 1991 - far better value than most Condrieu at £4.49 from Safeway.)

The owner of Domaine de Joy is advised, very sensibly, by Denis Dubouche, Bordeaux's white wine witchdoctor.

More unexpected still is the new wave of well-made, dry, fruity, transPyrenean wines made in France from cheap Spanish grapes grown in La Mancha. SAINSBURY'S BLANC DE PARADISO is 22.95

le from both Gateway and Victoria Wine. Both of these reds could be served at any temperature from icebox to picnic-hot. Indeed, you could set off on an expedition with them, well-chilled, and let them give you a range of taste experiences.

Berlin in general has been looking increasingly interesting for all kinds of wine. The huge Thresher Wine Shop/Wine Rack/Bottoms Up conglomerate has made particularly heroic efforts to reflect change in Spain. Excellent value dry whites include its aristocratically scented, lively, dry Galician white CASAL DA BARCA (22.49), the latest vintage of the even more exciting ALBARINO, LAGAR DE CERVERA 1991 (22.19 from Thresher or 27.33 from Laymont & Shaw of Truro) and Oddbins' zesty dry white from Navarra CASTILLO DE OLITE (22.99).

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## Jancis Robinson finds some good value wines which also have something else to offer

car's exceptionally ripe current vintage of one of their most successful wines, the Chablisienne co-op's CHABLIS 1990 (22.99 or 23.99 a half, M&S). Much to the amazement of everyone, including M&S, it won a gold medal in this year's WINE magazine taste-test.

A better bet in Australian whites is probably an unblended, defiantly unfashionable, but noble varietal: one of several full-bodied MANSANNES on offer, for example, or MOONDAH BROOK VERDELHO (24.99 Tesco and Majestic), made into a rich yet dry, tangy table wine from one of the great grapes of Madeira.

Maritime history in a bottle worth ageing.

Read those Australian back labels carefully. Unless oak barrels or casks are actually specified, the wine probably derives its user-friendly oakiness from a few drops of oak essence, of which we British are major suppliers to Australia.

In today's rather desperate marketplace, price seems to bear less relation than ever to quality. Some producers eager

to establish a foothold in the international marketplace are surely giving their wine away at prices below £3. The real double-take bottle is the stylishly labelled FAR ENOUGH PINOT NOIR 1991 (22.99 Waitrose and, under the TABLE MOUNTAIN label, Budgen). Pinot Noir is supposed to be Burgundy's impossibly finicky red grape that produces nothing but sludge under 25 a bottle. Yet here is a lively, fruity, unmistakably Pinot, light red for under £3. The catch? It is South African and has not, thank goodness, been in expensive oak casks - nor even suffered a touch of ersatz flavouring.

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until the end of the month, and then £2.59, while CUVÉE DUBOUCHE BLANC is £2.99 at M & S and comes complete with the flowery label that is the signature of the "king of Beaujolais." The curious thing is that the first wine, made at the Piedmont co-op, tastes just like its Vin de Pays des Côtes de Gascogne, while the second bears a remarkable resemblance to poor man's St Véran. Makes you think.

Spain tends to bottle its own red wine however and two current good buys are SAINSBURY'S LA MANCHA CASTILLO DE ALHAMBRA 1991 (22.99) which is Rioja's smart Tempranillo grape made like Beaujolais and, in quite a different style, THRESHER'S RIOJA CRIANZA 1989 (23.99), designed to show off its rafter of quarter-French (as opposed to all-American) oak.

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le from both Gateway and Victoria Wine. Both of these reds could be served at any temperature from icebox to picnic-hot. Indeed, you could set off on an expedition with them, well-chilled, and let them give you a range of taste experiences.

which is now made in the Languedoc and bears a quite remarkable resemblance to the flirtations OZIDOC (24.30 Adams of Southwold).

But perhaps better value still, even if too grassy for my taste, is the Hungarian GYON-GYOS ESTATE SAUVIGNON BLANC 1991 (widely available at about £2) made by young Australian-trained, Bordeaux-based Hugh Ryan. Eastern Europe is another hot spot for the value-conscious wine drinker: Safeway's SPECIAL RESERVE ROMANIAN CARMENET SAUVIGNON 1985 is a steal, if in a somewhat predictable style, at £2.99.

Some of the best-value sparkling wines are Moët's new elegant Australian, an oxymoron of ever there was one, GREEN POINT (29.99 Victoria Wine, Augustus Barnett); New Zealand DEUTZ MARLBOROUGH CUVÉE (29.99 Thresher and Oddbins); Californian pink and white MUMM CUVÉE NAPA (around 25.50 Tesco, Safeway and Oddbins, which offers a taste of it today); and Oregonian ARCTIC PINOT NOIR 1986 (29.99 and 24.49 respectively, Thresher). Perhaps Loxarel stands for Lo-Karelo?

Please note that many of these wines are available only at selected branches, especially within the Thresher empire.

## Cookery / Philippa Davenport

# Soft and sybaratic

**F**RUIT IS one of the great pleasures of summer eating. A scarlet trio (cherries on the stalk, unblended strawberries and frosted redcurrants) provide an easy and lovely finale to lunch or dinner with bowls of fromage frais, whipped cream or yogurt for dipping.

I am also very fond of a scarlet compote of fruits in season: raw redcurrants, stoned cherries, thickly sliced strawberries and whole raspberries barely moistened with freshly squeezed orange and lemon juice (two parts orange to one part lemon) and a sifting of sugar.

Toss everything together gently and leave in a cool place to macerate for about an hour, and toss again just before serving. The fruits will gleam like garnets and some of their juices will have mingled with the citrus and sugar to make a deliciously light syrup.

A compote like this is just right for partnering cold 2 lb cream or snowy mounds of soft fresh cheeses. For a fattish alternative, serve the compote with a slice of angel cake or spooned over rosy slices of watermelon.

As for puddings proper, the best known and best loved for this time of year is, appropriately, summer pudding. Blackcurrant and gooseberry fool are probably joint second favourites, but others deserve an occasional airing.

## CHERRY RAKEWELL

(serves 6-8)

Generally I prefer cherries raw rather than cooked - and stoning them is a tedious little chore - but this way of cooking them is very good indeed. Unusually, this is a flan that is almost better a day or even two days after baking. Other fruits can be used in place of cherries. Raspberries are especially good.

Shortcrust pastry made with 6-8 oz flour and aromatised with the finely grated zest of an orange; 1/2 lb ripe dessert cherries; 1/2 lb butter; 1/2 lb caster sugar; 1/2 lb freshly ground almonds; 1 teaspoon kirsch; 2 large eggs.

Use the pastry to line a shallow 9in-10 inch fluted flan tin with a removable base. Blind bake it and let it become cold.

Stone the cherries and refrigerate them until needed.

Dice the butter and barely melt it in a small pan over low heat.

Away from the heat, stir in the sugar, then the ground almonds, kirsch and lightly beaten eggs, in that order.

Tip the chilled cherries into the flan, spreading them evenly, and pour on the almond mixture.

Bake this pudding for 35-40 minutes at 400°F (200°C) mark 6 until the fruit is hot and the topping is puffed up and golden.

Serve it cold, with or without softly whipped kirsch flavoured cream.

## RASPBERRY AND REDCURRANT PUDDING

(serves 6-8)

This quick and easy variation of mine on the classic summer pudding made its first appearance on these pages a few years ago. In view of many requests, here it is again.

6 or 8 x 4 inch thick slices of good stale bread; 2 lb or more mixed raspberries and redcurrants; sugar; a little orange and lemon juice (optional).

Soak the bread in the fruit juice for 10 minutes.

Beat the butter until pale and creamy. Add the sugar and beat again until fluffy and light. Mix the orange and

lemon juices together and pour 3 fl oz onto the butter cream. Add the finely grated orange zest and the ground almonds and blend well. Whip the cream and fold the mixture into it.

Choose a 2 1/2 pt charlotte mould (or a soufflé dish or any other straight sided container of the same capacity that is 3 1/4 inches deep). Line the base with a circle of greaseproof paper.

Spread one-third of the orange and almond butter cream over it. Cover with half the fruit, pressing it lightly into the cream. Repeat the cream and raspberry layers until firmly set.

Loosen the pudding with a wet, round-bladed knife and unmould it onto a chilled plate. Dip the unsugared backs of the sponge fingers, one by one, into the remaining citrus juice. Shake off excess and stick them, upright, round the sides of the pudding to make a castellated wall.

Decorate with extra berries and return the pudding to the fridge until almost ready to serve. (If left at room temperature for long the filling will soften and the castle may collapse as you cut it.) Serve the charlotte alone or with a purée of sieved raspberries to sauce it.

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## SUMMER FOOD AND DRINK/HOW TO SPEND IT

come. So Weekend FT food and drink writers have been gathering information to keep party spirits flowing and lift the outdoor mood

## Drinking in the sunshine

I SPENT a terrible two days last weekend, tying myself in knots costing a summer drinks party. With a pocket-calculator in one hand and a bottle of Pimm's in the other, I endeavoured to come up with the precise figure I needed to spend in order to entertain:

1 50 sober, responsible people;  
2 50 not so sober, responsible people;  
3 50 drunken, irresponsible people.

I was working on the basis of a double measure of Pimm's (18 to the bottle) to about a quarter litre of lemonade plus the usual fruit and ice; enough to fill a half pint pot. In my mind's eye the first group would drink about a litre and that (with a few edibles thrown in) would set me back roughly £200. Having arrived at this figure I decided that the next two could be served at arithmetically: £250 and £300 respectively. In the last instance the guests would receive two litres each. Given the presence of a few sober people and drivers this would mean that some people would get royally drunk.

Then I spoke to Valli Watson at Party Professionals, and she told me I was mad. The party, she said, would cost about £130: "Nobody could drink more than three-quarters of a litre of Pimm's." I put down my pocket calculator in despair.

That left me with a glass of Pimm's and some reflections on the Englishman's summer drink. Pimm's has changed rather a lot recently. For a start it has moved to Scotland, and the gin base for the more popular No 1 Cup is also Scottish distilled.

The alcohol content appears to have been lowered from 30 per cent to 25 per cent, meaning that the old trick of adding a slug has become a practical necessity (Valli tells me to add spirit to the first round and produce weaker drinks as the party goes on).

There used to be six cups; latterly there were three; now

there are two, and the vodka-based No 6 is increasingly difficult to find. I only tracked it down to Gerry's at 74 Old Compton Street, London W1 (071-734-3053).

I marginally prefer the Vodka Cup (as it is now called) to the gin-based No 1. The No 1 is darker, and tastes of oranges and caramel. The No 6 is lighter and more lemony. It does not taste quite so sweet.

As students used to drink a lot of Pimm's and were always on the look-out for ways of gingering it up. One method was to add more gin and cider. I have seen people put champagne into Pimm's but I think this is rather a waste of

**Giles MacDonogh pours himself a Pimm's and plans a summer party**

champagne; especially now that prices have gone through the roof.

One alternative which appeals to me is a Malibu: a traditional German summer punch. In Theodor Fontane's *Schach von Wuthenow* of 1882 the publisher Sandars gives the recipe specifying the use of May herbs woodruff and celandine: "Don't let them infuse for too long. Woodruff is not camomile tea. Mosel wine, let's say a Zellinger or a Brauneberger, pour that slowly over the herbs; that is enough. Oranges are there simply for ornament's sake... and don't make it too sweet."

Some readers might object that woodruff is hard to come by but it cannot be any more difficult than the obligatory sprig of borage which floats in the Pimm's.

A suggestion from Austria is a mixture of vodka, elderberry cordial and mint. A little elderflower cordial goes a long way, diluted to one sixth strength. In Oporto the standard summer drink is slightly chilled tawny

port, although this might seem a rather serious (and expensive) solution to the summer drinks party.

White port, however, can be turned into a long drink by using tonic water with a sprig of mint. A more English solution is a cider cup. Andre Simon's *Dictionary of Wines and Spirits* of 1958 suggests a litre of sweet cider to 75 cils of soda water, a glass of sherry, half a glass of brandy, lemon juice and peel, nutmeg, pineapple and borage. A bone dry cider such as Merrydown vintage might be more suitable for modern tastes. Cider cup has the virtue of being cheap.

Now comes the problem of what, if anything, to give your guests to eat. Valli Watson was all for Kettle crisps from America; pouring scorn on my suggestion of black olives and salted nuts, which I imagined would provoke the necessary thirst required for people to want to consume large quantities of Pimm's.

Another of her suggestions was ciabatta bread with aubergine dip, or rubbed with garlic and tomato and mistletoe with olive oil. Then she began giving me recipes for dips and my head started to swim. I think I shall simply drop in on Marks & Spencer, which does a very decent range of ready-made dips for parties: good taramasalata, houmous, aubergine dip and a Greek dip selection. The American-style dip tray is also good. Of course at either side of £1 apiece, these things will work out dear for 50 people. It might be better to stick to crisps.

**Information: Party Professionals, 23 Kensington Park Road, London W11. (071-221-9434).**

**Elleberry cordial is available from Thorncroft Vineyard, Highland Farm, Leatherhead, Surrey. (0879-972552).**

**Top quality white ports such as Fonseca's Siroco or Taylor's Chip Dry sell for around £3.50. The recommended retail price for Pimm's No 1 or Vodka Cup is £14.19.**

**A** GAS barbecue might sound like heresy, but it works. It is ready in 10 minutes (as opposed to at least 30 with charcoal), the fuel is clean (no dirty hands and no woodsmoke) and it does not need to be lit with smelly and environmentally damaging petrol. More important, the food tastes just as good cooked with gas as it does with the more traditional fuels.

But there is a problem. All gas barbecues look hideous, much like an old radiogramme stuck to the top of a wheeled Zimmer frame. These contraptions - known as "wagons" - are certainly not suitable for Design Museum groupies, who much prefer the beautifully bulbous Weber kettles. Weber does offer a gas model but it is also in the "wagon-style". As one of my smoother metropolitan friends put it when he first saw my latest toy: "Very Weybridge, don't you think?"

Grilled meat, goes the theory, gets its unique taste from the fat that drips from the meat, vaporises on the hot coals and returns to flavour its source. Most gas barbecues provide a layer of lava rock between the flame and the food. Some use metal or a ceramic surface instead, but the idea is to provide radiant heat underneath the food - exactly the same principle as glowing charcoal.

Barbecuing is mainly a male hobbyist activity and is consequently riddled with mystique and claptrap. Every daddy with his Texas Homecare tongs and plasticised apron has a theory on how to get the best flavour from the coals. Some use wood chips, some marinade, some blow the dust from the coals with a handkerchief and many manage to undercook the chicken while smoking out the neighbours.

All you really need for a barbecue - if you have the space and no neighbours - is a bit of chicken wire, a few bricks and some logs to burn into coals. But few of us, especially those in the city, have this opportunity. That is why I spent about £120 on a Thermos WG22 - which so grievously fails the domestic aesthetics test that my wife forces me to hide in the hedge.

You do not have to spend as much, but most people spend much more. There are portable versions for under £50. These are simple trays with a burner and some lava rock. The carrying handles become hot and they work off disposable Gas cylinders found in camping shops. For double the price you get a much sturdier device that has automatic ignition (as in a cooker), uses a refillable Gas cylinder and has two adjustable burners, which give gradations of heat on the same cooking surface.

The barbecues become more sophisticated as the price rises, with the most expensive models costing about £500. However, no matter what the price, the principle remains roughly the same,



## Fire, without smoke

Barbecues really do go better with gas, reports Peter Knight

Although some manufacturers replace the lava rock with metal or porcelain devices that are designed to do the same job.

Most gas barbecues have a lid that turns the device into an oven. Large pieces of meat or whole chickens can be roasted with the lid down, either on a spit or on a dish. The lid can also be used to smoke the meat, by throwing aromatic wood chips on the lava rock a few minutes before serving.

British Gas sells a range of bottled gas barbecues from £45 to £400. It also offers a small range of fixed versions that are built in and connected to the gas mains. Garden centres, department stores, DIY stores and Argos also sell gas models.

A big drawback is that these barbecues are reasonably complicated bits of machinery and they have to be assembled at home like some giant Meccano set. Unless you particularly like spending time screwing bits of metal together, this can be tedious.

You will need to allow at least two to three hours to put them together. Be prepared to get very frustrated along the way and, above all, make sure you read the erratum note in the instructions.

I spent ages wondering how I was going to get a WG screw into a hole that was obviously designed to take a different diameter.

If you can persuade the shop to sell it assembled, do. It really is worth it. Do not even try to put it together unless you are reasonably calm about screwing, bolting and following written instructions. Gas can be dangerous and while home assembly is not difficult, it must be done correctly.

Choosing between the different models is difficult. Price usually reflects the ruggedness of construction and the number of extra facilities, such as shelves and racks. The more expensive versions also have glass windows on the lid so that you can peek in to see how the roast is doing.

The main difference is in the size of the grilling area (important if you want to cater for crowds) and extras such as warming racks and shelves. Remember to ask if the price includes a regulator - the switch that goes on the gas cylinder.

I was in a hurry and bought my Thermos from Sainsbury's Homebase. It does not sell regulators and did not know where I could get one. I would

have got a marginally better deal at British Gas which included a regulator and (at the moment) a £5 voucher for the gas cylinder, which has to be bought elsewhere. British Gas includes delivery in its price. Argos sells the same model at £98, but without a regulator (about £10).

Barbecuing on gas is a little different from charcoal. Heat is controlled by regulating the flame rather than moving the grill. At my first attempt I had the heat too high and the chicken fat caused rather alarming flaring. Once the flame was reduced and the lava rock had cooled sufficiently the chicken cooked well.

You can give vegetables, such as sliced aubergines and zucchini, that authentic cross-hatch grill pattern and they taste as good as in any fashionable Italian restaurant, especially when piled high and dressed with parmesan, basil and olive oil.

One of the biggest benefits of gas is that you can have char-grilled food throughout the year without going to a restaurant. I am not sure if I will be out in the garden grilling in my overcoat in December, but I like to think I will.

## A snappy Dresser

Alice Rawsthorn looks at the work of an influential designer who has returned to cult status

IF YOU glance at Oggetti in Fulham Road, south London, you will see a couple of teapots in the window display. Most things in Oggetti are expensive, but these teapots are really expensive - £5,800 each.

They are part of a limited edition of products designed by Christopher Dresser - and reproduced in sterling silver by Alessi, the Italian company best known for its work with contemporary designers such as Philippe Starck and Frank Gehry - which will be on sale at Oggetti until September.

One teapot is in the shape of a triangle, another is hemispherical, the third is a square squatting on four spindly "crow's feet" legs that are a hallmark of Dresser's style. They look, as Oggetti's Paul Marquess says, as if they were designed yesterday but they date back to the 1880s.

Christopher Dresser was a 19th century British designer who abandoned his studies of plants for product design. He was a socialist idealist who, fired by the belief that industrialisation was changing the world for the better, designed to embrace the machine age.

Dresser lived at a time when mainstream taste was dominated by the grandeur of Victorian baroque and when the avant garde were wedded to

William Morris and the Arts and Crafts Movement. Dresser's designs were completely different. His style was functional, simple and his aim was to ensure that all his designs could be made by machine.

During his career Dresser enjoyed a cult following, not only in Britain but as far away as Japan. He worked with more than 60 manufacturers on wallpaper, fabrics, furniture, glassware and ceramics.

But he was always seen as an oddball. His modernist theories, now standard stuff, were regarded as eccentric and his designs dismissed as novelties. By the end of his life he had slipped into obscurity.

Dresser has now returned to cult status in design circles where he is hailed as the forerunner of the modern industrial designer. Dresser originals are much sought after by collectors.

This revival of interest persuaded Alessi to consider reproducing some of Dresser's designs. Alessi tends to be associated with the post-modernist styling of the 1980s when its products, such as Starck's lobster-like lemon squeezer and the bird-spouted kettle designed by Michael Graves, became the archetypal designer objects of the decade. But the core of its collection has always been meticulously-

made, contemporary classic designs, many dating back to the 1940s and 1950s.

In the mid-1980s it introduced a small range of archive designs, by Marianne Brandt, a German artist who studied at the Bauhaus in the 1920s, and Josef Hoffmann, the fin de siècle Viennese designer who was a leading exponent of Art Nouveau.

Alberto Alessi, who now runs the company his grandfather founded in the 1920s, is keen to expand the archive range. The days when a Starck lemon squeezer was the essential accessory are over.

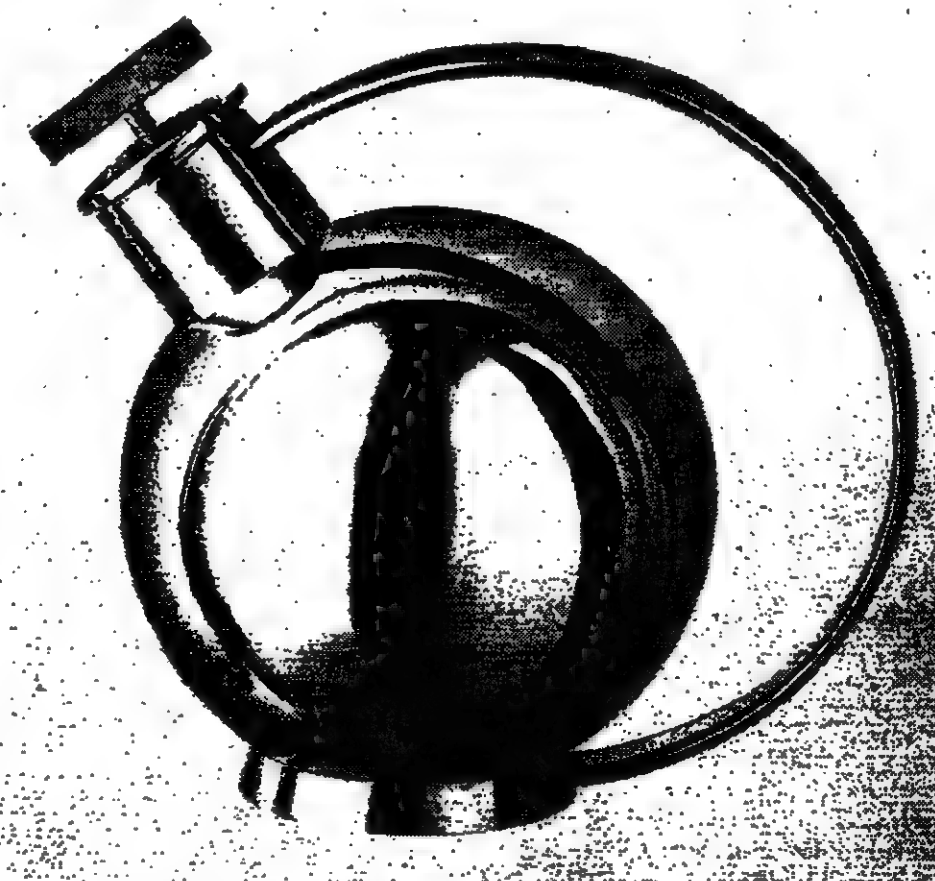
If Alessi is to avoid being relegated to the ranks of the relics of the 1980s, it has to address the new sensibility of the 1990s.

Christopher Dresser, with his restrained designs and whiff of 19th century authenticity, is a perfect addition to its range. The only problem for Alessi was that it was very difficult to track down his original designs.

Most of Dresser's original products have disappeared, as have many of his notebooks. Alessi had to reconstruct his blueprints from the few records it could find using computer-aided design techniques, and then check the results against original objects borrowed from collectors.

Although Dresser was obsessed by the machine age, most of his products were made by hand as the silversmiths and metal workers of his era had very little machinery. Alessi has been able to adapt two of his products - a tray and a toast rack - to be mass-produced in stainless steel at its modern factories.

These are now on sale at its usual London outlets, the Conran Shop and Antiques as



Time for tea: a Christopher Dresser reproduction

well as Oggetti, for around £70 and £80 respectively. The other Dresser designs, the sterling silver limited edition now on show at Oggetti, have been made by hand.

Paul Marquess is still convinced that, recession or not, at least some of Oggetti's customers will be willing to spend a few thousand pounds for a Christopher Dresser sugar bowl. Perhaps he hopes they will be thinking of the original 1880s Dresser teapot that sold for £50,000 at a London auction last year, which makes £5,800 for a 1990s reproduction seem (almost) cheap.

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## TRAVEL

# Old England behind the Celtic burglar bars

**M**ORE than 2,000 years ago, a Celtic tribe called the Durotriges moved into a hill-top home not far from the coast of southern England. Invasion and pillage of country homes was even more a threat then than today, but although the Durotriges were an Iron Age people, basic burglar bars, let alone electronic alarms and home insurance policies, were somewhat beyond them.

Feeling exposed, they set about building the finest complex of defensive earthworks in Britain - a flattened hill-top surrounded by concentric rings of 60-ft ditches and 90-ft earthen breastworks two miles in circumference. Strongly defended, Maiden Castle, as the hill is called, was at one time home to 5,000 tribespeople; it withstood attack for centuries, and even held out a good while against more advanced invaders from the east, the armies of imperial Rome.

After centuries of battering by wind, storms and rain, the warrior-haunted defences of Maiden Castle still look daunting enough to keep eastern invaders away from its rural hinterland. And perhaps, in some mystical Celtic way, they continue to do just that.

The land to the east of Dorchester, the county town just two miles from the hill, is increasingly the domain of long-distance London commuters. The land to the west, Devon and Cornwall, has long suffered annual invasion by frantic hordes of holiday-makers from all over Britain.

But, in a small triangle of west Dorset, in countryside bounded by the peculiarly formed Chesil Beach, the old abbey town of Sherborne and the seaside resort of Lyme Regis, strange forces seem to operate. Against all the odds, this is an old-fashioned, scenic and peacefully rural place that

## Nicholas Woodworth was charmed by West Dorset in the rain

bank to the horizon. In good weather they are like an exercise in the art of Italian renaissance perspective. In bad weather they are an exercise in exposure. I felt sorry for the Iron Age tribes who through-out west Dorset spent their time shivering in hill-top ring forts, and decided to see if things were any more sheltered and spring-like down at the seaside.

They were. Not far from Abbotsbury, an old village overlooking one of the strangest geographical features in Britain, I met a flock of some of the most fortunate swans around. The inhabitants of the Swannery, more than 500 of them, live in a bird's paradise, a brackish, eight-mile-long lagoon known as the Fleet where they are protected from the winds and storms of the open sea by Chesil Beach, a bank of pebbles 50 ft high and 300 yards wide lying, as if sinking after some terrific spat with the mainland, some distance offshore.

Not only are they happily sheltered from the elements, but the lagoon is also the only colony of swans in the world to be managed by humans. Originally raised by medieval Benedictine monks for their meat, the swans here remain wild but are provided with an environment in which nesting and hatching can be overseen. Between the sea and the hills, in a setting of lush reeds and feathery pampas grasses, I strolled among hundreds of the birds as they brooded over eggs in their nests, bickered over territorial rights, and splashed down by the shores of the Fleet like parachute-born water-skiers.

But the swans had an advantage over me; when a late afternoon shower arrived, their down kept them warm and dry. I made a dash for it, and drove not far up the coast to west Bay, a little port of tackle shops and fishing boats. There in the snug Riverside Restaurant, advised by amiable owner Arthur Watson and his wife Jan, I consorted myself with a magnificent fish dinner of home-made seafood soup and fillets of John Dory.

One of the great pleasures of west Dorset is being able to get away from it all - city life, crowds and commercialism - and escape to the heart of the country. So, instead of booking myself into a hotel in a seaside town, I drove up through hills and mist in the falling dusk to the tiny village of Netherbury. Here I found Heritage, a bed-and-breakfast establishment run by a Frenchwoman named Michelle Seymour.

Michelle knows what escape from the fast track is all about. A former airline hostess, she has chosen one of the loveliest villages in Dorset to settle in. Sitting on the banks of the little River Brit not far from the market town of Bournemouth, it is a vision of English rural peace, a place whose most ambitious activity is cider-



Lyme Regis by the sea: where accountants from Birmingham gaze out through 20p-in-the-slot telescopes

making. The rain had stopped and lights were burning in cottage windows by the time I went out to stretch my legs.

In neatly-kept gardens water dripped from every tree, bush and newly-bloomed spring flower. In twilight and the distant hill-side beeping of newborn lambs, I walked through the mossy, tilted graves of Netherbury's churchyard.

As owl hooted in a copse nearby and the hour rang from the tower of the old grey stone church, scented odours wafted from damp lilacs. I had forgotten what tranquillity was.

Villages like Netherbury, and there are lots within a 10-mile radius of Bournemouth, are wonderful places from which to explore some of the most unspoilt country in southern England. Much of the charm

here is man-made and has to do with a long and rich rural past that has not yet been obliterated; it takes the form of thatched cottages, stone-built houses, or the abbey, manors, priories and churches lying around the corner of hedge-row-lined country roads.

The other part of the charm comes from the land itself. Steep and rolling, the hills of west Dorset do not lend themselves to modern agriculture. In parts they are wild and forested; in others, where sheep have grazed vast hillside pastures to a uniform smoothness, they take on a park-like quality. The whole village and countryside - leaves one with the feeling that Old England is not yet wholly out of reach.

Even in Old England the merry month of May - to say

nothing of entire summers - must have often been wet. But there can be few places left in the country pretty enough that rain does not dampen the weekend explorer's enthusiasm: after three soggy days of roaming around west Dorset I was still enjoying it.

Under a torrential downpour I strolled past the marmalade pond, the ha ha, and the bog garden of Fording Abbey, a glorious 12th century Cistercian monastery now turned stately home. Through drizzle and drifting fog I gazed at the Naked Giant, a prehistoric monument from Roman times etched with chalk into a hill-side at Cerne Abbas. In Sherborne I ducked into another even greater abbey to avoid a heavy shower; there I met an elderly lady who wheeled over

to me a strange, mirrored trolley so I might look at the fan-vaulted ceiling without getting a crick in my neck. I am afraid I dripped water all over it.

But on the third day, when I least expected it, the weather turned. As I was hunting around under the sea cliffs of the Black Ven at Charmouth, the sun came out and glinted on burnished ammonites hiding in the sand, one of the treasures that makes the coast around Lyme Regis so popular with fossil hunters. And, in the town of Lyme itself, I saw a new season come suddenly into bloom.

Along the now sunny water-front promenade the deck-chairs were out. The first ice-creams of the year appeared. Their romantic fancy stirred by the warm spring air,

retired accountants from Birmingham gazed out to sea through 20p-in-the-slot telescopes. Down on the Cobbe, their wives were imitating Meryl Streep with long sighs and waiting for their own French Lieutenant to come sailing in.

Who would not be happy with a day like this? Moon-faced teenagers wandered the promenade, hand in hand. Children splashing in the water, in spite of the evidence of blue legs, had persuaded themselves that summer was not far away.

On the other side of west Dorset the sun shone even on Maiden Castle. It was a day that would have convinced the shivering Durotriges themselves that a new age had at last arrived.

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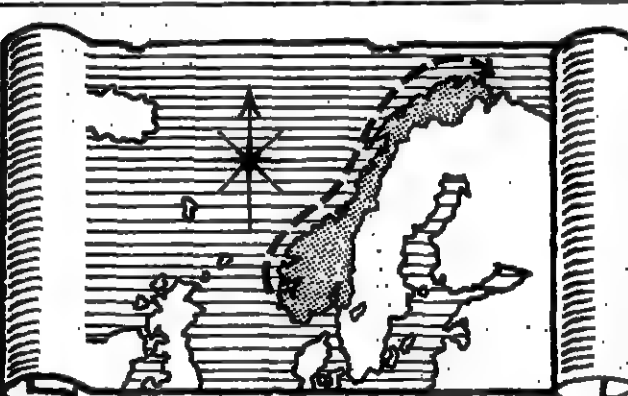
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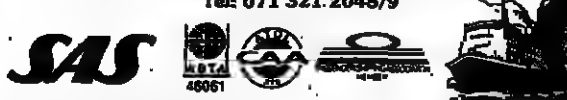
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## Schumann in the mansions

**T**HIS year's music festival in Newport, Rhode Island, promises even more "programmes so extraordinary, so rich and rare that they draw music lovers from thousands of miles away."

The 24th festival (July 5-19) takes as its main theme a special series of 14 afternoon Schumanns offering a retrospective of Schumann's chamber works. Other performances take place morning, afternoon and evening, and there will be more than a sprinkling of receptions and gala dinners.

The music festival is a highlight of Newport's packed summer calendar. In a city that boasts sailing, polo, tennis and jazz among its annual activities, the music festival has a devoted following.

The festival takes place in and around some of Newport's famous summer mansions. Several of these remarkable monuments have been grouped under the protection of the Preservation Society of Newport since 1945. They are shrines to the aspirations and beliefs of families like the Vanderbilts and Astors, flamboyantly interpreted by architects Richard Morris Hunt and Stanford White.

Marble House and The Breakers, both designed by Hunt, are opulent beyond belief. They are also remarkably ugly, having solidly pompous exteriors and an air of greedy imitation.

Marble House, commissioned in 1888, was the answer to William Kissam Vanderbilt's request for "the very best living accommodation that money could buy." The \$11m "cottage" was modelled on the Petit Trianon at Versailles and completed in 1892.

Five of the festival's concerts will be held at Marble House, while others will be performed in its Vanderbilt twin, The Breakers. Here, with the ocean as backdrop, it would be hard to resist an evening performance offering Porter and Gershwin on the terrace near the recently restored lower loggia. The ticket price of \$40 (\$22) includes a champagne reception afterwards.

Belcourt Castle, built for Oliver Belmont and his wife, the former Mrs William Vanderbilt, is probably the grandest of the mansions which are not under the care of the preserva-

tion society.

Belcourt hosts a particularly interesting programme on July 18 - works by Schumann, including nine early songs, five pieces in folk style and six Intermezzi. For music lovers who like alfresco dining, there will be a box lunch concert with the Leontovych String Quartet at Hamersmith Farm. The 28-room cottage was built by John W. Anchinlow in 1897 and was the childhood home of Jacqueline Bouvier, who married John F. Kennedy in Newport.

Tickets for the music festival can be ordered by telephoning 401-849-0700.

Food, especially sea-food, is a feature of any visit to Newport. Between concerts you could visit Christie's, on the waterfront, at 351 Thames Street, tel: 401-847-5400, for baked scrod

**Nicky Smith on the Newport music festival and the ugly houses where it is staged**

(cod), giant clams and cream puff sundae. Or try Pronto's, a new Italian restaurant also on Thames Street. (Avoid Saturdays unless prepared for a long wait).

Accommodation in Newport is best found at inns. Whether small, like Clovelly House, originally built in 1805, or large, like the Castle Inn, a Victorian summer mansion on a hill overlooking Narragansett Bay, they all have atmosphere. The Newport County Chamber of Commerce at 10 America's Cup Avenue, Newport RI 02840 (PO Box 237, tel: 401-847-1800) will provide a list of guest houses and small inns, as will Newport Historic Inns. PO Box 981, tel: 401-846-7665.

Travel to and from Newport is convenient from Boston or New York. British Airways' new daily flight, at present the only one from Gatwick to New York, flies DC-10s and departs at 10am. You arrive at JFK at 12.40pm, leaving plenty of time to catch one of many connecting flights to Providence from where the Cossy Cab shuttle serves Newport. BA also has daily flights from Boston to Heathrow. Bonanza Bus Lines commutes between Boston and Newport (single ticket: \$12).



## TRAVEL

# Thailand: how to survive those long, hot nights

**I**T WAS entirely my fault. One night in Bangkok I took my companion to Patpong to bargain-hunt among the stalls. Patpong is famous for its well-made imitation Rolex watches, Dunhill wallets, Cartier handbags and Chanel or Hermès silk scarves.

So good have some of these products become that connoisseurs no longer call them fake Rolexes but Thai Rolexes. There are other things as well, including indigenous Thai goods: scarves, T-shirts, wood carvings, silk skirts. Indeed, since Thais have as much flair for design as they do for copying, it always beats me why they do not concentrate more on making originals.

But Patpong, three narrow lanes between the Suriwongse and Silom Roads, has been famous for things other than its busy night-market. The central lane is lined with girly bars. There are also boy bars and massage parlours and places that put on "special shows." Whatever your fancy seeks, Patpong can supply it, for Patpong is the heart of Bangkok's well-cannibalised sex industry.

The bars you can just walk into, although most potential clients will find themselves pulled in by young women usually clad in not much more than a bikini. Inside there are many more scantily-dressed females, some of whom dance on raised catwalks around which clients sip or gulp beer. Although the girls are paid to dance, they are also for sale. To overcome any language barriers they wear numbers, so all you have to do is give a waiter or waitress the number of your choice and you are away.

The special shows are marginally harder to get into. Mostly they are found up seedy and uninviting staircases. Pimps hang around and invite customers inside. To overcome any difficulties of communication, they carry cards that have a bill of attractions printed in English. Not a lot is left to the imagination.

As it happened, we were more interested in the cards than in their contents. If one is going to buy a souvenir in Bangkok then one should at least come away with something representative. So, having had three or four cards flashed under my nose, I started bargaining.

The pimp in question was taken aback. This was a perversion he had not previously encountered. "You want card, mister? What can mister do with card?" That I did not tell him, but I did offer 50 baht, about \$1.20. At once he demanded 100 baht. The cards were hard to come by, he said; in any case, they were not for sale.

At this point the Scottish in me started to surface. I was damned if I was going to pay \$2.40 for a piece of paper. After a lot more haggling, therefore, we struck a different sort of deal. We would go with him to the den he worked for, sit inside for five minutes and buy one beer at a cost of 55 baht. In return, we would be presented with a card free of charge.

Unfortunately, having taken us around a corner and up some backstairs, he neglected to inform the

to replied that he was the manager, and in no time at all became extremely abusive, physically as well as verbally. Simultaneously, four or five other louts materialised around us.

This upset me. Nor was the magic phrase "tourist police" to much avail. The man simply got more excited. It was this, however, that eventually reduced the bill by 1,000 baht. To lose your cool is very un-Thai, and the more cool he lost the weaker his position became. In the end we settled for 200 baht, or something under \$5.

Bearing in mind the availability of cheap and lethal flick-knives on the street outside, we were probably lucky to get away for under \$5. My instinct was to head for the first policeman I saw. But the problem here was that there were an awful lot of policemen about, and most

prostitutes, or men whose habits they are supporting, and by a reputedly high incidence of bisexuality. The underlying epidemiological explanation must reside in the scale of Thai prostitution itself.

A shock-horror headline story in the Thai press last year concerned a suburban "tea-house." A distressed husband found that his wife had been abducted by the owner and put to gainful employment. A police raid liberated the wife and 17 other such women. Tests showed that all 18 were HIV positive.

Tea-houses represent the bottom of the market. They are knocking shops where "employees" are expected to "entertain" 15 or more clients a day, at perhaps 100 or 150 baht a head. Above and beyond the tea-houses, however, is a devastating array of facilities: massage parlours, cocktail lounges, go-go bars, nightclubs and hostess clubs.

In all, it is estimated that there are upwards of 800,000 women involved. The pricier the establishment, the more say they will have in the choice of customer. But in the long run that offers little or no protection.

A common misconception is that Thailand's sex industry has grown up as a tourist attraction. In fact, most transactions are with Thai men. I have met very few Thai males whose idea of a night out is not a few bottles of beer either preceded or followed by a woman, or both. The evidence is that foreign visitors are gradually turning away from the bar-girls, except at the spectator level, but that the domestic scene is as lively as ever.

Condoms are widely available, but how widely they are used is a different matter. Medics fear that *mechai*, as they are called, after Mechai Viravadya, the first and seemingly only government minister to concern himself with what in Thailand must become a devastating plague, induce a sense of false security. As one doctor said to me: "Anything can happen to a *mechai*. It can slip off, it can puncture, it can burst, it can run out, or it can just sit quietly by the mattress."

In Thailand, there are only two sure-fire prophylactics. One is to keep saying "No," the other is to stock up with sleeping pills. That way you will survive those long hot oriental nights.

## In Bangkok Justin Wintle confronts the deadly and squalid side of the country's much-publicised sex industry

management of our arrangement.

Instead he scurried. "Superstar," as it was called, struggled to live up to its advertising. I could see no ping-pong balls, although through a smoke-filled haze I did discern a female, naked and recumbent, playing with a Marlboro.

Otherwise, the place was similar to the bars at street level. Very loud music accompanied the various gyrations of underdressed lovelies caressing the chrome uprights that connected the raised catwalk to the ceiling. Fearful of what might have been slipped into it, I drank one-third of my beer.

Then we made our way to the cash desk. Instead of being asked to pay 65 baht, however, we were asked to pay 1,500. A previously concealed card was now revealed to us. We had both sat down, so that alone cost us 400 baht each. We were also expected to cough up for non-existent face-towels and "ladies drinks."

The Scottish in me combined forces with an English upper lip. I refused to pay, and demanded to see the manager. The man I was talking

appeared to be holding hands with

I thought about contacting the tourist police from my hotel, but quickly saw that it would lead to more trouble than it was worth. If I had brought a charge I would probably have had to stay longer in the country. In addition, it might have given the opposition a hook on my identity, and that I did not want either.

In the end we chose to forget about it. But the real moral of the tale is that we were lucky. Contact with Thailand's sex industry can be deadly, and not just because of flick-knives. In the old days it was the "gift that goes on giving," gonorrhoea or syphilis. Today it is the "gift that one day kills," AIDS.

The statistics are terrifying. Four years ago the Thai government would only admit to six cases, all of them "imported." Since then officials have been obliged to open their eyes. By 1986 it is expected that there will be about 1.5m HIV carriers in Thailand.

Matters are exacerbated by the widespread use of needle-injected drugs, particularly among women



Patpong: girly bars, boy bars and massage parlours abound. To survive, keep saying "No"

Terry Kirk

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## BOOKS

# Joyce's characters illuminated

Anthony Curtis looks at the loves and hates of the Dubliners who fuelled Joyce's work

IF JOYCE never let go of Dublin, Dublin has never let go of Joyce. An International James Joyce Symposium was held there earlier this month and this new biography by a Dubliner has been published to coincide with it. True, to Dublin's humiliation it was an American academic, the late Richard Ellmann, who in 1959 "the precious diadem stole and put it in his pocket", in the form of a biography of the Irish writer that seems unlikely ever wholly to be surpassed. That book, re-published by Oxford in 1982 in a revised form, remains the standard life, and is still indispensable reading for anyone interested in Joyce.

Meanwhile a completely new edition of *Ulysses* is awaited, prepared by John Kidd, another American academic, who works at the James Joyce Research Center at Boston University. It was Kidd who pointed out the "errors of execution" in the previous (1984) edition and set going a furore. His edition is scheduled to appear in September from Norton and will be the first volume in the new "Dublin Edition" of Joyce's works. Each will be based on a freshly edited text with an introduction by Denis Donoghue. At the same time Dublin-based scholars of the Joyce industry have not by any means been idle, as is proved by this informative work from Peter Costello. The hidden agenda underlying the imaginative work of Joyce came from the lives of people who lived in Dublin at the turn of the century. Their loves and hates, their efforts to make a living in a harsh economic climate, culminating frequently in debt or bankruptcy, their love of music and song, their complex web of involvement with each other, is continually being refracted through the fiction. First lucidly, in *Dubliners*, Stephen Hero and *A Portrait of the Artist as a Young Man*; later increasingly opaquely, in *Exiles*, *Ulysses* and *Finnegans Wake*.

Ellmann named many originals but was "in some of his identifications confused; perhaps in one or two instances he was deliberately put off the scent by the people he interviewed. His main research was done in the 1950s, since which time more hard facts have emerged about Joyce's prototypes in real life. Peter Costello

**JAMES JOYCE: THE YEARS OF GROWTH 1882-1915**  
by Peter Costello  
Kyle Caille £17.99, 374 pages

possesses an encyclopedic knowledge of the public history and private feuds of Dublin and its citizens over the past century. He has previous books to his credit on the Irish revolution in modern literature and on Clongowes Wood College, Joyce's first school. Costello stops at 1915, merely summarising the later years. By then Joyce, aged 33, had left Dublin for good and had, thanks to the efforts of Pound and his colleagues on *The Egoist*, gained a measure of recognition as a novelist. It is the preceding years covering Joyce's childhood and early manhood that concern Costello. He fills in the tense political atmosphere of that era in Irish history, interweaving the fortunes of the Joyce family with those of Parnell and other figures on the larger stage.

John Stanislaus Joyce, Joyce's father, appears here more fully than ever before. He begins as a man of force and substance with a well-paid job in local government, a collector of rates; then, sadly, he goes into moral and financial decline. There is a parallel with what we know of Shakespeare's father in whose life a similar pattern may be discerned. Unfortunately in "Jack" Joyce's case his famous son did not redeem the family fortune in his lifetime.

Many of the more fugitive figures in the Joyce story also come out of this book more clearly than hitherto. Costello has discovered the original of E.C. or Emma Clery - Stephen's beloved in *Hero* and *A Portrait*. She was Mary Cleary, a university contemporary of Joyce's, one of the first women to graduate in Dublin, and later, as Mrs James Nabors Meenan, wife of a well-known Dublin physician, a pioneer of women's education in Ireland. Costello has some new light to shed on Leopold Bloom. His earliest originator was Alfred H. Hunter, a dark-complexioned man in his thirties whom Joyce met at the funeral in Dublin of a friend of his father's. Ellmann describes him as "putatively Jewish". But, as we now learn, Hunter was a Belfast Presbyterian married to a Catholic wife who was unfaithful to him. His wanderings around Dublin suggested a story to Joyce to be called "Ulysses" or "Odisseys" as he pronounced it - a



Nora Joyce, née Barnacle, in Paris in 1928 - a photograph taken from 'James Joyce's Ireland' by David Pierce (Yale £16.95, 238 pages), a profusely illustrated portrait of Joyce which locates him in the Irish social and intellectual context.

story Joyce never wrote as such. Again, Costello offers a fascinating fresh glimpse into the world of the elderly Parnell sisters, Joyce's aunts whose annual parties with musical interludes, dancing and feasting furnished her nephew with the material for his greatest short story, "The Dead", where they appear as maiden ladies - the Misses Morkan. Many of the characters in that crowded tale have counterparts, as Ellmann indicated, in the Joyce family circle. Costello brings

them back to life and for the first time the heroines' former lover is identified as deriving from one Michael Furey. This unfortunate young man - Michael Furey in the story - was in love with Nora Barnacle when she was working in a convent before she met Joyce. Feeney died of typhoid and pneumonia in a workhouse infirmary. He became, in Joyce's imagination, the young man whom Gretta Conroy, his heroine, remembers so poignantly at the end of his story. Such research means there

will have to be new footnotes appended to the lives of a host of fictional characters who, since Joyce died, have belonged to the world as much as to Dublin. I, for instance, tend to think of Gretta now-days as taking on her most recent incarnation, that of Angelica Huston, in John Huston's fine film of "The Dead", much more than I think of her as Nora Barnacle. But it is salutary to be reminded of her original, along with those of many other characters in the Joyce canon.

# An archaeology of myth and language

DANCING and poetry, religion and science, all are attempts at interpretation of the world and our place in it. By telling ourselves stories we lay claim to a place in the otherwise limitless seas of time and darkness that surround us.

Our species has forgotten much as it has grown remoter from the natural world which gave these myths their point; and it has learned much which has nothing to do with ancient realities, but instead concerns new facts of life forged by urban civilisation and its intricate technologies. What we have learned has not always replaced what we have forgotten, so although humankind has grown cleverer over time, it has not grown wiser.

Dudley Young's book is an attempt to recapture some of what has been forgotten. There is need for just such a study of our self-interpretations through history, especially of myth because of its peculiar power to encapsulate universals of experience. Myth resonates in popular literature and, particularly, in general consciousness; Superman is Hercules with Hermes' sandals, and when we struggle with anxiety we are Theseus in the Minotaur's maze. A synoptic study of these origins, drawing also on linguistics, anthropology and evolutionary theory, would shed extraordinary light, and give us the insight into our beginnings which is essential to self-knowledge.

It is a bold scholar, and one possessing an unusual apparatus of skills, who would risk the attempt to traverse and unite academic specialisms in this way. Young has taken that risk. His central thesis is that humankind is in spiritual confusion because it has lost touch with the sacred, which itself originated in our need to manage dangerous instincts of sex and violence.

The resulting damage is everywhere apparent. Young says, and stems chiefly from science, which has suppressed our religious nature and polluted the world. And he proposes (following Freud) that the founding experience of our now-lost sacredness was a violent patriarchal episode which occurred in a dance; the alpha male was killed and eaten by the troop, and in consequence "lawlines" of ritual had to be evolved to contain and interpret this horrid originating act. Young ranges wide through many fields of enquiry to elaborate this theory.

What Young attempts - a conceptual archaeology of myth and language in search

**THE ORIGINS OF THE SACRED**  
by Dudley Young  
Little, Brown £16.99, 378 pages

of our earliest self-interpretations as humans - is a valuable task. But both his attempt and his results are profoundly unsatisfactory. There is an interesting thin book, and a more circumspect one, trying to get out of this fat one; but Young is too intoxicated by verbal pyrotechnics, clever phrases and slick generalisations to stop himself from overflowing constantly into absurd claims, so the book begins in self-indulgence and grows more fanciful. It contains much ignorant hostility to science, and much dubious and sometimes ridiculous play with etymology. Young is out of his depth in several seas at once; and thereby shows that if one tries the intellectual equivalent of walking on water, one only succeeds in skimming the surface.

One of Young's main problems is his premises that sex and violence are essentially connected. He even makes the serious mistake of equating

"sex and violence" with "love and war". It is uniquely human to connect some aspects of love with sex; since nothing else where in nature parallels it we can learn nothing from nature about it. Yet Young succumbs to the mistaken cliché of modelling human behaviour in these respects on monkey and ape reproduction. And war is not the cognate, simply writ large, of violence perpetrated by individual animals on occasions of mating, feeding or general irritation, but something far more calculated and social.

But his worst mistake is to connect sex with violence at all. "Sex-and-violence" is a film-censor's artefact of the 20th century. Sex is not intrinsically violent, except in certain aberrant cases, and there is nothing intrinsically sexy about violence, except for some aberrant individuals. Fear of starving seems a more likely explanation for man's elaborate appeasements of the gods than the implausible claim that sexual coupling is analogous to the violent act of stabbing. Why "stabbing"? Why not meeting, fitting, joining, blending? In certain African languages the euphemism for sexual intercourse is "laughing together". This hardly contains the murderous suggestions Young finds attractive. Macho images of thrusting and spear-throwing seem more like adolescent masturbatory frustrations than reflections of genuine sexual experience, and therefore constitute a poor basis for a theory of human development. Here, as in too many places elsewhere, Young carries himself away.

The book - judicious, careful and imaginative - which effects an archaeology of our myths and parables, and so helps to tell us who we truly are, still waits to be written. Young has shown us that it remains overdue.

A.C. Grayling

# On guilt, virtue and combat

IF GEORGE MacDonald Fraser ever admitted to being aware of the term "politically correct", he would no doubt consign it to the mouth of one of the more repellent villains of his highly popular *Flashman* novels.

After writing about many fictional "battles", MacDonald Fraser has now turned to his own, rather grimmer, military days as a squaddie fighting the Japanese in Burma in the last days of the Second World War. On one level it is a brilliantly entertaining read, with all the narrative power, gift for dialogue and surprising twists and turns that would be expected of *Flashman*'s creator. But it is also a fine example of a crusty old conservatism whose days must sadly be numbered. MacDonald Fraser grew to hate the Japanese and cannot bring himself to forget or forgive.

MacDonald Fraser feels himself to be out of tune with contemporary society, particularly in its attitudes towards war. But he may be wrong. Certainly readers are likely to relish the warmth with which he writes of the courage of the men in his squad - Granddads,

far too fat for jungle warfare: Nixon, forever saying "we'll all get killed"; Duke, ex-public schoolboy who served in the ranks out of laziness as much as anything; Forster, always scrounging fags and having everyone, especially Duke, but whose furious anger over Duke's death knew no bounds; and Corporal Little, the perfect type of instinctive man manager without which the British army would collapse.

MacDonald Fraser is unrivalled at the story-teller's essential crafts, characterisation, dialogue and scene-setting. By one of those typical army cock-ups he becomes a pseudo-expert in the handling of the Plat, a portable anti-tank weapon, without ever having fired it. At one point he is commanded to head into the jungle with a Plat and bombs, to instruct a unit in its handling. He discovers that the unit's

leader - Captain Grief - is completely round the bend. One of Grief's first questions is "Are you a turkin' flickin' or a peepin' gremlin?" After helping massacre a Japanese boat party Grief decides what MacDonald Fraser is: "the murder's out - evil weevil written all over you!"

Sprinkled throughout are curmudgeonly views on the effectiveness of contemporary society and the notion that all war crimes are equal. It is a robust book which challenges many received ideas about guilt, virtue and combat; it is also hilariously funny and profoundly moving.

As an anthology of writings on war and battle, *Echoes of War* is oddly unsatisfying, with too much not very good poetry and some peculiar omissions. How can the section on the Napoleonic wars not have something from *War and*

**QUARTERED SAFE OUT HERE**  
by George MacDonald Fraser  
Harvill £16, 227 pages

**ECHOES OF WAR**  
edited by Robert Giddings  
Bloomsbury £15.99, 340 pages

**WARRIORS' WORDS**  
edited by Peter Tsoumas  
Cassell (Arms and Armour Press) £19.99, 334 pages

Peace, for example?

But then, as we may read in *Warriors' Words*, a vast collection of thoughts from the military mind up to and including Sturmhilf Norman Schwarzkopf, the Duke of Wellington's view was, "If you want anything done well, do it yourself." One for every old small boy who can comfortably agree with Tacitus that "the desire for glory clings to men even longer than any other passion."

Gary Mead

# A drama of cryptic drawings

**THE BYROM COLLECTION**  
by Joy Hancox  
Jonathan Cape £25, 320 pages

of Judaeo-Christian cabbala, Freemasonry, the occult, methods of defence and navigation, and architectural design.

The limits of enlightenment are soon reached. Byrom was evidently one of those types obsessed with the cryptic almost for the cryptic's sake, though he was wise to keep his Jacobite sympathies quiet. He formed a "Cabbala Club", whose members included Sir Hans Sloane, but whose functions remain obscurely obscure. He left no documentation with his collection of drawings: how they came to be assembled, and what unites them as an assemblage, are

richly speculative questions. The only clues Byrom provided came from ciphers in his own abbreviated shorthand.

The sleuthing has plainly been fun for the author, even if it fails to add up to a proper denouement. Where the drawings are likely to arouse most interest is in their apparent allusion to the early theories of London. It used to be assumed that the Elizabethan playhouse evolved out of bear-gardens and cock-pits. Those who like their Shakespeare to be a man of the people have always resisted the alternative suggestion that it was the English discovery of the works of Vitruvius - architectural adviser to the Emperor Augustus - which gave rise to Shakespeare's "wooden O", and the Burbage family's first London theatres. Vitruvius outlined a ground plan whose basis was a circle containing

four equilateral triangles; and this is the basis for a number of drawings in the Byrom Collection, some of them even annotated with mention of a "Globe".

Are these plans of Shakespeare's Globe of 1599? If so, the Globe, with its pennant declaring it to be *theatrum mundi* ("All the world's a stage..."), is as architecturally germane to the English Renaissance as the works of its chief playwright are in a literary sense. There is a drawing of the Rose Theatre in the Byrom Collection which corresponds closely with what archaeologists have uncovered there. What correspondence may exist between the Vitruvian Globe of the Byrom Collection and the yet unexcavated Globe remains to be seen.

This is a very wise book, scholarly in its approach but immensely enjoyable reading. It will help to bring the debate about the causes of the Civil War back to reality.

Nigel Spivey

# WILBUR SMITH

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## BOOKS/ARTS

FT Children's Book of the Month

## For adults in the making

PUBLISHERS, parents and children alike have difficulty in knowing where childhood ends and adulthood begins. For the child, it is a time of acute existential uncertainty; for the publisher, it is a time of acute commercial uncertainty. It is experienced as a problem of marketing strategy that can be summarised as follows. At some point between the age of about ten (when many children are still unselfconsciously voracious readers) and twelve, the desire to read is often replaced by a yearning to do almost anything but read. The business of living and self-discovery assumes an almost overwhelming importance; action succeeds contemplation. And bookishness becomes for many an embarrassment, an impediment to social advancement.

How does a publisher deal with these in-between-age children who are no longer children, adults-in-the-making who are not yet adults? Being human, they fudge, and hope for the best.

One solution, however, has persisted. Twenty years ago, the Bodley Head created a special new category of books for this age-group, YA (Young Adults), and this uneasy, partially satisfactory description has survived to this day, in spite of the fact that it smacks of condescension and that no young person would ever admit to belonging to such a group. Why should they? They are not, in their own opinion, "in between" anything; they are merely their own difficult, moody, tortured selves who, from time to time, try to knock some sense into the frustrating and hopelessly outmoded imbeciles who still hold partial sway over their lives.

Yet the problem is a real one. There does indeed come a point when the familiar subject matters of books for children have been outgrown; but the reader's experience of life and understanding of language makes him or her uneasy for the fully fledged adult novel. So YA has its uses.

Amongst the finest in this category of novelists is Peter Dickinson, who has published almost 20 titles in as many years with Victor Gollancz, ranging from his early experiments in science fiction and fantasy to this month's absorbing mixture of archaeology and pre-history, *A Bone from a Dry Sea*. Dickinson succeeds where many others fail, precisely because he combines a forceful simplicity of language with just the right level of complex-

ity of ideas to make his novels absorbing and intellectually challenging.

The narrative consists of two elements which alternate: the world of an archaeological dig in the present and the world of pre-history four million years ago - or "then" and "now," as the chapters are labelled. The novel's time-span in the present is surprisingly short - just a few days; in the past, it

seems to stretch back and away into infinity, giving a pleasing sense throughout of sudden changes of pace.

The past is pure conjecture in which Dickinson is staring through lenses of time "right at the edge of imagination's eyesight," as he puts it. He imagines the existence of a tribe of African hominids, one of whom, a young female called Li, is slowly beginning to emerge into a surprising degree of self-awareness. She is a quester, a problem-solver, a creature who needs to push herself to the furthest intellectual limits - for the sake of

the acquisition of knowledge alone. Is there something uniquely human about that? If so, she must be numbered amongst our ancestors.

By starting at a spider setting its trap, she learns the rudiments of fishing - how to fashion the crudest of nets from gourd-fibre. Hers is a strange, marvellous world, whose hugeness and otherness are gradually becoming intellectually apparent.

In the time-span of the present, a team of archaeologists is searching and sifting that same portion of pitiless African terrain for remains of - a tribe of hominids? They hope so, in order to establish their world-wide importance as a team of discoverers. These two worlds swim apart and come together again, the one illuminating the other in details large and small.

This is a challenging, positive novel, which will be enjoyed by all intelligent hominids of twelve and above. Positive? Of course. If you write under the banner of YA, nihilism must be avoided at all costs - lest the senior librarian accuse you of corrupting youth by piling depression upon depression.

Michael Glover

**A BONE FROM A DRY SEA**  
by Peter Dickinson  
Gollancz £10.99, 192 pages

## Fiction

## Mistrustful influence of evil

THERE'S something deeply troubling about Ian McEwan's fiction. Not simply in the stories themselves, though their plotting and careful quota of shocks certainly find their targets, but in the selection of the subject matter, the means imported to achieve those contrived discomfures. McEwan may be attacked by feminists for what they perceive as the misogyny deep-rooted in his books, but such use and misuse of women is just one element in his personal pantheon of disgust, alongside the mistrust of family, sex, relationships, political beliefs.

That there is a strong suspicion McEwan is not really like that, and all the mistrust is thoroughly feigned; only intensifies the mistrust generated by his fictions. What still seems the most heartfelt and genuinely affecting of his published prose is the lengthy preface he wrote to his libretto for Michael Berkeley's anti-nuclear oratorio *Or Shall We Die?* There nothing had to be feigned; the fear that he evoked was genuine, and the images in which it was

couched and through which it was related to the writer's own life, were truthful, telling ones. Without being expected to assume a fictional mask McEwan could expiate his own terrors with a humanity that gave depth and potency.

Perhaps though McEwan really does hate dogs, especially big black ones, and can

**BLACK DOGS**  
by Ian McEwan  
Jonathan Cape £13.99, 176 pages

**ULVERTON**  
by Adam Thorpe  
Secker & Warburg £14.99, 304 pages

detect in them the potential that provides the central image of evil in his new novel. To give its details away, even in as coy and vaguely lubricious way as McEwan eventually does, would destroy the final point of reading *Black Dogs*. Or, just perhaps, he hit upon the idea of the horrifying revelation as a means of giving point and dramatic focus to a tale that would otherwise come

across as a tired, commonplace dissection of a failed marriage.

June and Bernard Tremaine are former communists whose loss of faith immediately after the Second World War took their lives in entirely opposite directions. He settles into cosy radicalism, writes a biography of Nasser, makes a career as a television pundit and ends up as a Labour MP. She, under the influence of her encounter with the evil of the black dogs, embraces God and the truth of mystical experience, goes to live in Provence, and becomes a recognised authority on matters spiritual.

Their twin stories are related through a son-in-law, who offers a brief cameo of his own predictably troubled upbringing in a preface. The events of the marriage emerge in a series of episodes moving back and forth through 40 years and finding their biggest set pieces in newly liberated France and the breaching of the Berlin Wall in 1989. Even when the big evils - Fascism, Communism - are conquered, it seems to say, the black dogs stay with us, whether lodged in the German skinheads of West Berlin or in a father

viciously beating his child. But if McEwan's grip on those thematic threads falters it is largely because his main axis, the Tremaine marriage, is so schematically portrayed.

The artfulness of Adam Thorpe's novel - his first, after two much praised volumes of poetry - is paraded very obviously on its surface: *Ulvertown* seems to be designer fiction of the most egregious kind. Thomas Hardy recast for the post-modern sensibility. Its vignettes span four centuries in a small community in deepest Wessex, from the Civil War to the bright, brittle world of 1988. There is much self-conscious pastiche - of Zuckerkandl, 18th-century epistolary style, 19th-century stream of consciousness, 20th-century television script.

Beneath all the posturing, however, the prose seems totally inert; an anodyne rural idyll with little narrative content is tricked out with a few convolutions and inversions. Well before the end one longs for an excess of McEwan-style wickedness to save the whole contraption from itself.

Andrew Clements

## Short stories

## Quest for cultural identities

"YOUR stories are like exquisite cut-glass bottles with all the scents of life in them," Gorky once wrote to Chekhov. The comparison was apt. Combining a finely chiselled structure with the impressionistic ability to distill all the subtleties of character and situation into 20 or 30 pages, great short stories have a crystalline perfection that the broader brushstrokes of the novel completely miss.

But the fiction market in Britain seems strangely unappreciative. There is not much of a forum for single stories in broad circulation publications. Tony Lacey, publishing director at Penguin, admits that multiple-author anthologies of tried and tested stories do well: "But with a new writer, a first novel is far more appealing than a book of short stories."

Bill Hamilton, at one of the oldest-established literary agencies, A.M. Heath, suspects that publishers and readers share a misplaced snobbery: "Novels are weighty, and people often mistake quantity for quality. There's also the perception that English literature,

unlike Russian, has no short story tradition." Dostoyevsky's wonderful description of the birth of Russian prose fiction - "we have all come from under Gogol's Overcoat" - puts the genre right at the centre. But in England, the short story has been more of a poor relation, intimidated by its big brother, the novel. Among contemporary classics in English, Nadine Gordimer (South African) and William Trevor (Irish) come most easily to mind.

Russian, Sri Lankan, American and Irish, these four volumes, three of them by new writers, seek to reinforce the idea that short stories are a non-English phenomenon. They all use the medium to explore questions of cultural identity. But stylistically, each response to the space confines of the genre is highly individual.

It is the Sri Lankan writer, Romesh Gunsekera, who gets closest to Chekhov in tone. Given limited space, his writing works by implication, making words and images mean more than they actually say but without making them portentously symbolic. Superbly unambitious, the stories in *Monkfish Moon* focus on individuals rather than grappling hand-to-hand with big issues. But they achieve real emotional depth.

One of the best, "Captives", is beautifully structured around an English couple's two-day stay in a Sri Lankan hotel. Half-formed thoughts

**MONKFISH MOON**  
by Romesh Gunsekera  
Granta Books £11.99, 138 pages

**THE WRECKING YARD**  
by Pinckney Benedict  
Secker & Warburg £7.99, 208 pages

**SLEEPWALKER IN A FOG**  
by Tatyana Tolstaya  
Vintage £13.99, 192 pages

**THE MEAT EATERS**  
by Michael Collins  
Jonathan Cape £13.99, 279 pages

and suppressed feelings are conveyed with oblique precision. When the hotel owner notices the woman looking at a vase of lilies, he is suddenly embarrassed - the stamens look obscene - which says more about his own unacknowledged sexual longings than about the flowers. No descriptive detail in these sympathetic stories is superfluous. And the characters are real, living, breathing people.

In contrast, Tatyana Tolstaya (in her second collection of stories, *Sleepwalker in the Fog*) is more theatrical. Not content to allow everyday objects to take on metaphorical significance without pointing it out, her stories are bursting at the seams with feverish, highly-charged language.

Written in English, her stories are all set in Russia. And the impact of her literary inheritance is splintered. The lonely bore from the sanatorium whose friends turn against him has something of Chekhov. But another story - about childhood memory and lost love - strains towards Turgenev's lyrical nostalgia.

Yet another - with its blinding vision of a misanthropic angel - recalls Dostoyevsky's surrealism. But whatever the style, Tolstaya gives the impression of a passionate ventriloquist, forcing the mouths of her characters rather than simply giving them the space to speak for themselves.

If Tolstaya's writing is packed with emotive imagery, Pinckney Benedict strips his sentences down to the bare minimum. His theme, in *The Wrecking Yard*, is rural America. But, too spare to be comfortably naturalistic, his style works best in stories which seem to be hankering after some inexpressible, mythic truth.

In the last story, "Odor", an old man at the margins of society is battling against nature. We see him emotionally, dynamiting trees, drilling into rocks. The detailed, slow-motion description of his destructive tools takes on a curious, pregnant intensity. But we are never invited to enter his mind. Alienation rather than empathy is what Benedict achieves at the end of the day. But if the larger meaning remains opaque, the writing is preternaturally clear.

After this laconicism, Michael Collins' *The Meat Eaters* is bewilderingly wordy. All concerned with Ireland, his nightmarish stories assault you with horrendous images - the girl with a bomb in the stomach of her plastic doll; the mute child sexually abused by Old Mickel; the man who dreamed of lobsters; the dead baby in a drawer. But there are too many adjectives, too many digressions, and not enough focus. The secret of the short story is selection.

Lucasta Miller

## Fiddler on the hoof

KLEZMER MUSIC, the Jewish music of Eastern Europe, played a key influence in the development of jazz but was itself long ago taken for dead. Now, however, it is in the throes of an improbable revival in both Britain and abroad.

Giorgio Feldman was 13 when he played his first professional engagement by accompanying his father in the klezmer band performing at a Jewish wedding in his native Argentina - the fourth generation of his family to take up klezmer. Forty-three years on and Feldman is known as the "King of Klezmer" and the leading figure in an extraordinary international boom of interest in this form of music until recently taken for dead. He has been in Britain to launch the four-week Jewish Music Festival, which started this week.

Bands of klezmorim used to travel to Jewish settlements of Poland, the Ukraine and Romania to play at weddings and other festivities. Klezmer music was dance music and the arrival of the klezmorim in town meant that the good times were about to roll. Jews, along with Gypsies, were the most active musicians in Eastern Europe.

The klezmer boom has now hit Britain. Giorgio Feldman, now based in New York, played at the Barbican last Tuesday and plays in Glasgow tomorrow and BBC2 screened *Fiddler on the Hoof*, a documentary telling the story of klezmer from its roots in the Old World through its development in the New. Meanwhile, the Klezmer Festival Band, Britain's first professional klezmer ensemble, plays in Weybridge tomorrow.

A simple definition of klezmer seems elusive. Some call it Jewish gypsy music. Others simply Jewish jazz. "It's Jewish good-time music," offers Simon Broughton, producer of the BBC documentary. "It's wild and crazy. But it can also be deep and soulful."

Though its roots are considerably older, what would today be recognised as klezmer probably dates from the early 18th century. The distinctive flavour of klezmer stems from its unusual combination of musical sources. It blends traces of Middle-Eastern music with elements of Jewish liturgical chant, along with musical influences from the Balkans, Hungary, Poland, Russia and wherever else the Jews settled. The main klezmer instruments are violin and clarinet, largely because they were the most portable.

The wave of Jewish immigration to America since the end of the last century brought klezmer with it. But the next generation of American Jews wanted the music of the New World, not the Old, so klezmer players got sucked into jazz, where many went on to become big-name soloists. Early Benny Goodman is hardly distinguishable from klezmer, while George Gershwin's music, which is the subject of Feldman's Glasgow concert, owes an almost equal debt.

Klezmer in America eventually gave up the unequal survival battle against jazz. The Holocaust then wiped out the Jewish communities and hence klezmorim of Eastern Europe, while the Soviet Union strove to suppress Jewish culture and music. Klezmer became the lost music of a lost world.

Or so it seemed, until around the mid-1970s, when two factors sparked what has been called the great klezmer explosion. The first was Feldman's decision to quit his job as lead clarinetist of the Israeli Philharmonic to dedicate himself to klezmer. The second was the efforts of two young American Jews who unearthed some old 78s, transcribed the music and formed a band to play it. Old people loved it. Young people loved it even more. There are now some 100 bands in America.

Klezmer is not merely a Jewish cult. Bands have also been formed by the likes of Don Byron, a black New Yorker and top jazz clarinetist. And they play to mainstream audiences at venues like Carnegie Hall.

The early efforts of the American klezmer enthusiasts was simply to reconstruct klezmer music. The emphasis has now moved on from reviving to developing it. Thus, nine of the 15 songs on Feldman's new album are new and written specially for him, including one by a Palestinian composer. Klezmer is taking off in new directions.

Peter Freedman

■ Details of the Jewish Music Festival on 081 488 3618.



Clare Holman and Michael Maloney

## Closet drama Romeo

THE ROYAL Shakespeare Company's *Romeo & Juliet* has transferred from Stratford-upon-Avon to the Barbican. David Leveaux's fine 1991 Stratford version was the most sombre of the RSC's five stagings of the play since 1980. A compelling closet drama emerged, trusting to the play's text. It has matured, improved, and now is even better. It makes exciting and intense drama.

Shakespeare wrote *Romeo* in 1595. At 31 he balanced the play's issues deftly: love, adolescence, parents, suicide, the claims of faction, and the desires of heart. Because the characters are always searching for newer, bolder images, *Romeo* sits closer to the Sonnets than any other play. Its language has a heady ampli-

tude. This production recognises that every phrase is new-minted and made for the occasion, and supported by consistently fine verse speaking.

Alison Chitty's set, a shadowy interior of paneled frescoes, is more brightly lit (Alan Burrell) than at Stratford. The action becomes more vivid, pushed forward on stage in the shallower Barbican auditorium. Beyond the curtained and crepuscular chambers lies the brightly lit "public haunt of men," the daytime venue for Verona's brawling families.

Michael Maloney fills out *Romeo* wonderfully, every gesture a study and every line a thought; the quintessence of "drivelling love" and "violent delights." Clare Holman as Juliet finds the wisdom which makes her more mature than *Romeo*; her fine performance

has greater scope than last year. The balcony scene, all heartbeat and hesitation, is a delight.

Capulet (Jonathan Newth) is a violent father to Juliet and Mercutio (Tim McInnerny) a violent friend to Romeo. McInnerny brilliantly turns "Queen Mab" into a psychosis, and jokes his way out of life: "you shall find me a grave man." Dryden was right: Shakespeare killed off Mercutio "lest he should have been killed by him."

This fresh, energetic production offers *Romeo* as a bawling diversity unified not so much by plot or characters as by sentiment. Its pleasures are transient: "like the lightning which doth cease to be ere one can say it lightens."

Andrew St George

## Records/Max Loppert

## A basic 'Beggar'

WHAT TO do with *The Beggar's Opera*? It had a triumphant first performance in 1728, and a no less triumphant modern revival (the famous Hammer-smith performances) in 1930; at least since the latter date, it has seldom been absent from the stages of the English-speaking world. This year in Britain alone, there has been a new RSC production at Stratford, an Aldeburgh Festival concert performance of Britten's radical re-working, and, alongside those, a new Hyperion recording setting out to catch the "ballad opera" as nearly as possible in its original form.

The attractions of the work - an English opera-comique simultaneously sending up the Italian opera seria then so popular in London and depicting the morals and manners of the city's underworld at the time - seem undying. The string of popular numbers (folk tunes and dances, airs by composers like Purcell, Handel and Bononcini) that Pepusch set down in music and Gay re-wrote to fit the dramatic scheme maintain their appeal.

And yet the whole so rarely manifests the cutting edge one knows it to possess. As I remarked the other day while reviewing the Opera North *Orpheus in the Underworld*, a perennial problem crops up in the revival of popular music-theatre works of genius whose satire is, paradoxically, universal and tied to a specific place and time: that is, the problem of maintaining the sting of the social criticism when the local-colour references of those works - if not their targets - have lost their immediacy of recognition.

Since the time of the Hammersmith revival, the most favoured method of treating *The Beggar's Opera* has been to practise various forms of musical re-working upon it. Some attempts (Frederic Austin's in 1920, Britten's in 1948) have had at least the "relevance" of particular performance and performing circumstances to justify them; others (the *sludgy* Guy Woolfenden edition for Scottish Opera and the gruesomely over-scored Bonny recording for Decca, with James Morris and the Dames Joan and Kiri, both 1981) have been so overlaid

with the rearranger's arts and artifices as to leave the original unrecognisable.

The new recording proposes a period-conscious, "back to Gay-Pepusch" rationale: as its editor and musical director Jeremy Barlow notes in the booklet, Pepusch's arrangements have been adhered to - in terms of key signature, vocal range and likely instrumental support (strings, oboe, bassoon, harp) - as closely as possible. The dialogue is given in full; the singers speak it. There are no bedazzlings to the vocal

Gay-Pepusch: *The Beggar's Opera*. The Broadside Band/Jeremy Barlow. Hyperion CDA66581/2 (two CDs). Handel: *Agrippina*. Capella Savaria/Nicholas McGegan. Harmonia Mundi France HMU 927063.85 (three CDs). Handel: *Giulio Cesare*. Concerto Köln/René Jacobs. Harmonia Mundi France HMC 901385.87 (three CDs). Handel: *Rodelinda*. La Stagione/Michael Schneider. Deutsche Harmonia Mundi RD 77192 (three CDs).

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with the rearranger's arts and artifices as to leave the original unrecognisable.

Handel, whose London Ital-

ian operas Gay parodied, and whose hold on the London public was directly affected by the success of *The Beggar's Opera*, has a slew of new Italian-opera recordings, all in "period" style, to correct the historical balance. The best of the bunch is the early *Agrippina*, a triumph of the composer's Venetian sojourn, whose mix of historical characters and Cavalli-like comic intricacy comes up in McGegan's performance with delicious freshness. He paces it expertly, and his cast - led by Sally Bradshaw in the title role, the counter-tenor Drew Minter (Otho) and the sopranos Lisa Saffer (Poppaea) and Wendy Hill (Nero) - catch its light, sophisticated tone with captivating deftness. Only a single weakness, the woolly low-bass Claudius, mars the impression.

The new *Giulio Cesare* - most popular, and most recorded of all Handel operas - has already been widely acclaimed. I do not entirely subscribe to the enthusiasm. The singing, particularly by the ravishing Jennifer Larmore (title role) and sumptuous Bernarda Fink (Cornelia), is among the best modern Handel performance has to offer; but Jacobs's sometimes leadenly slow tempos (how very odd of a singer-conductor to adopt them!) try our patience sorely. *Rodelinda*, one of the supreme London masterpieces, simply needs better singing that it receives from the all-too-modest Frankfurt-based recording. Only Barbara Schlick in the title role - she is also Jacobs's Cleopatra - emerges with any credit.

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## TELEVISION

SATURDAY

## BBC1

6.35 Open University. 7.25 News. 7.30 Hello Spencer. 7.50 Baber. 8.15 The Johnsons. 8.35 Round the Twist. 8.50 Parallel 8. 10.22 Weather.

## 10.55 Grandstand. Introduced by

Desmond Lynam from Wimbledon. Including at 11.05 Football: Comprehensive review of the European Championship in Sweden. 11.35 Rugby League: Australia v Great Britain. Highlights of the Second Test from Melbourne. 11.50 Tennis from Wimbledon. Coverage of the men's and ladies' singles. The last 16 players in both contests compete for a place in the quarter-finals. Further coverage. Times may vary.

## 5.10 News.

## 5.20 Regional News and Sport.

5.25 Film: The 10th Anniversary of the film 'The Untouchables' in London's National Portrait Gallery. A primary school teacher is celebrated by the film.

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## 12.40 Weather.

## 12.45 Close.

## BBC2

6.40 Open University.

## 3.00 Wimbledon. Desmond Lynam

Introduces action from the All-England Club. The 10th anniversary of the championship is one of the most popular days of the whole fortnight. Commentary by John Barrett, Mark Cox and Barry Davies.

## 5.00 News and Sport. Weather.

## 5.15 Have I Got News For You. Political

adversaries Cecil Parkinson and Norman Willis join captains Ian Hieop and Paul Merton in the final edition of the satirical news quiz. Angus Deayton is the host.

## 5.45 Black and White in Colour: Tele-

vision. Memory. Race 1988-1989. First of two special programmes celebrating black and Asian contributions to British television. Award-winning director Isaac Julien looks at the earliest days of television to the early 1980s. Narration by Professor Stuart Hall. The season is made in conjunction with the British Film Institute.

## 9.35 2 Cars. An episode of the popular

police series from 1984 examining the different degrees of racism among the characters of the New Town police. An unemployed African barrister himself and his family in their house after attacking a bailiff. Starring Stratford Johns. Part of the Black and White in Colour season.

## 10.25 A Hole in Babylon. Drama based

on the real-life story of three young black men's attempt to rob the Knightsbridge Spaghetti House in 1975. Directed by black film-maker Horace Ove and starring T-Sone Wilson, Archie Pool and Trevor Thomas.

## 11.35 Teenage Darlings. Video diary

following Jennifer, a 15-year-old girl coping with her mother who is severely disabled by multiple sclerosis.

## 12.25 Film: Claymatters. Two young

men, although different in character and background, develop a strong bond. But their lives are shattered by sexual prejudice. Nicholas Rempel, Todd Fraser, Liam McGrath and Asbury Ward star (1989).

## 1.30 Close.

## LWT

6.00 TV-am. 6.25 Glimme 5. 11.30 Zorro. 12.00 The ITV Chart Show.

## 1.00 ITN News. Weather.

## 1.05 LWT News. The Day.

## 1.10 Saint and Gravelle. Ian and

Anthony Quinn. A theatrical troupe travels throughout the Old West - with the law in hot pursuit (1980).

## 1.20 WCW Worldwide Wrestling.

## 2.45 Athletics: Panatomic Olympic Tri-

als. All eight of Britain's European champions including Linford Christie, Roger Black and Kris Akpan are taking part in this competition for Olympic places. The winner of each event is guaranteed a place in the British team for Barcelona with two more places available at the selectors' discretion. In the women's javelin, Tessa Sanderson bids to qualify for the Olympics for a record fifth successive time.

## 5.00 ITN News. Weather.

## 5.05 LWT News. Weather.

## 5.15 Beverly Hills 90210.

## 5.20 Bob's Your Uncle.

## 5.30 Catchphrase.

## 5.35 Dennis the Menace. The 21 years of

laughter. Nostalgic look at some of the best comedy from the past 21 years. Featuring examples of laughter from Tommy Cooper to Rick Mayall, and Victoria Wood to Bruce Forsyth.

## 5.40 Sam Saturday. New series. Ian

Keye stars as Jewish police hero Det Insp Sam Sterne. Sam and his partner Jim Butler (Peter Armbrasted) try to solve the gruesome killing of a beautiful girl whose only identification is a large telephone bill.

## 5.45 World Championship Boxing.

Chris Eubank v Ron Davies. Britain's Chris Eubank takes on American Ron Davies for the WBO super-middleweight championship. The fight comes from Portugal's Algarve. De Lago resort.

## 5.50 Tom Jones: The Right Time. The

Chieftains and Liza Minnelli. Bob Geldof joins Tom Jones as he looks at country music. Celtic influences on modern music.

## 10.40 ITN News. Weather.

## 10.45 LWT News. Weather.

## 11.00 Wolf.

11.05 Philip Marlowe: Private Eye. 11.10 Get Stuffed. ITN News Headlines.

## 11.15 The Big E.

## 11.20 Get Stuffed.

## 11.25 Music from the Bridge.

## 11.30 The Big E.

## 11.35 The Big E.

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## 6.



# The easy way to guarantee a friendly press

Dominic Lawson on how the rich and powerful can corrupt their critics

SR John Junor once said of journalists: "It is not power which corrupts; it is not money which corrupts; it is friendship which corrupts." The former editor of the *Sunday Express* was absolutely right.

Any business tycoon who wants to buy the good opinions of a financial journalist, or any member of parliament who wishes to ensure favourable mentions from a political correspondent, need only offer the press man friendship, or at least the illusion of it.

At the very least, they will be guaranteed an absence of spiteful copy from the pundit in question. This is not a rule which works invariably, but it is infinitely more effective than employing public

relations advisers to pump out press releases which nobody reads, still less believes. Journalists are star-struck and like the idea of their social circle overlapping with that of the rich and famous. Second, they like to think that, by maintaining a close "friendship" with these stars, one day they might be given a scoop. They will, of course, but it will be a scoop which suits the political or financial aspirations of the famous "friend."

The other week, this form of journalism came in for some criticism. The editor of the *Mail on Sunday* - or whoever writes that paper's leading articles - took it upon himself to lecture Charles Moore, deputy editor of the *Daily Telegraph*. Moore

had written an article in *The Spectator* critical of the conduct of yet another editor who published details about the private life of the Prince and Princess of Wales.

"What Mr Moore's readers couldn't guess," said the editor of the *Mail on Sunday*, "was that he had an interest to declare. He is one of those journalists who is reasonably close to the Prince of Wales, a position he visibly relishes. There is nothing wrong with that, but journalists ought to let their readers know when they are singing for their supper."

On a matter of fact, this happens to be wrong. Having checked, I discover that the deputy editor of the *Daily Telegraph* - a friend of mine,

I admit - has neither seen nor spoken to the Prince of Wales since October, 1990. But this is not the point, which is that the editor of the *Mail on Sunday* is reasonably close to the prime minister, a position he visibly relishes. As a result, he writes things such as that John Major "has so much adrenalin that, if only it could be marketed and sold for export, it would solve the balance of payments problem for ever."

Is he singing for his supper, when he publishes such stuff? Should his readers be told? I do not know. But it is far more significant in the parliamentary age for an editor to be in the pocket of a prime minister than to be in the pocket of a Prince of Wales.

Perhaps the Prince of Wales should take a leaf out of John Major's book and seduce with friendship those who are now so critical of him and his family. His great-grandfather would certainly have advised him thus.

I have been reading Sir Sidney Lee's great biography of Edward VII, completed a few years after the monarch's death. When there was a great surge of republican feeling in England in the 1870s (far more significant than that engineered by parts of the press in recent weeks) Edward, then Prince of Wales, simply neutralised the critics.

I quote from Sir Sidney: "The Prince's readiness to meet socially

critics of monarchy was not at first blithely encouraged, but the Prince's tact and grace usually won the day. His first invitation to the Radical stalwart, Mr Fawcett, to a garden party, was refused; but Mr Fawcett subsequently accepted the Prince's hospitalities, and Mr [Joseph] Chamberlain, silencing any earlier scruples, became the Prince's frequent guest. Of greater significance, Sir Charles Dilke, the Radical champion of the anti-monarchical movement, soon joined the Prince's intimate social circle... The Republican wave had spent itself, and there was to be no more strife between the Prince and the forces of Radicalism."

Dominic Lawson is editor of *The Spectator*.

## To the rescue, again

Michael Thompson-Noel



I WISH I'D never joined Ross Perot's team. I was in Bahrain last weekend, breakfasting with sheikhs on muesli and figs, a sandstorm raging when the man who would be president telephoned from Dallas, heedless of the time difference, to pick my brains on world affairs.

"How are you?" asked Ross Perot. "I must say you're an asset. But you do skip around - one minute here, the next someplace else. Where are you now, boy?"

"Bahrain," I replied. "Never heard of it," said Perot. "Is it a neighbourly kinda place? Upright and church-going? An enemy of moral laxity? A friend of America's? I couldn't tolerate a member of my election team prancing and cavorting in some heathen spot. You're not playing roulette, boy? Terrible thing, roulette. It breaks up whole families, causes untold anguish. I have said it before and I will say it again: there's no room on my payroll for anyone who plays roulette."

"Of course I'm not playing roulette," I said. "It's six in the morning. I'm breakfasting with sheikhs. We've just finished our muesli. Now we're eating figs. To answer your first question: Bahrain is neighbourly, upright and moral. It's halfway down the Gulf. I'm sure you needn't worry about it. There are sandstorms every day. Temperatures over 50°. Absolutely ghastly. The smallest place imaginable. Just a few sheikhs, cosseted by air-condi-

**HAWKS & HANDSAWS**

tioning. In terms of the Middle East, it is a very small pomegranate."

"That's the boy," said Ross Perot. "You have a wonderful knack for telling me things I don't know in plain and simple language. I'm glad you're on the team. Write me a position paper on the Middle East and fax it to me here in Dallas. The media keep complaining that they don't know what I stand for. With you in the line-up, I'm able to dismiss them. Is your money getting through?"

Ever since Ross Perot recruited me two weeks ago to help him win the presidency, I have received a cheque for \$35,000 every second or third day. I have bought two Mercedes and an ice-cream machine.

"Yes, thanks, Mr Perot," I said. "Excellent. I'll call you mid-week."

And so he did, on Wednesday, catching me at Wimbledon - Centre Court, Row B - where my mobile phone started chirruping just as Croatia's Goran Ivanisevic boomed down his 33rd ace against Mark Woodforde, a plucky little Aussie.

"Where are you now, boy?" asked Ross Perot.

"Wimbledon," I whispered, embarrassed by the bright stares of those to left and right.

"Who are you watching?"

"Mr Smarty Pants versus Mr Carrot Top."

"What's the score?"

"The score hardly matters. Every time Mr Carrot Top shows a flicker of defiance, Mr Smarty Pants shells him with another four aces or bombards him with astounding cross-court drives."

"Good," said Ross Perot. "It gladdens me when members of my team show a healthy interest in sport. Just as long as it doesn't interfere with their duties, or their never-ending war against moral laxity. Thank you for your position paper on Middle East affairs, boy. You certainly know your stuff. I've given the Committee To Elect Ross Perot a great deal to chew on. Now I want something else - to meet Maggie Thatcher. Can you fix a dinner?"

"Why Maggie Thatcher? She's yesterday's potatoes, a sad and bitter woman."

"You mean something's happened to her?"

"Of course it has," I said. "She was removed in a coup. Her successor is John Major."

"Jumping rattlesnakes!" said Ross Perot. "The things I learn from you. I've never heard of John Major. But then Europe is a mystery to me, boy, along with Asia, Africa, Morocco, Mongolia, Queensland, New Zealand, South and Central America and the North and South Poles."

"Holy Toledo!" I exclaimed.

"What's the matter?" asked my boss.

"Mr Smarty Pants has just cannoned down his 34th ace."

"Forget the tennis," roared Ross Perot. "It's a wimp's game, boy. A game for lesbians and long-hairs. Talking to you always reminds me that the reason I don't stand for anything is that I don't, in fact, know anything. You overheard me, boy. I want you here in Dallas. I'll send a plane to fetch you. Get here quick."

Private View/Christian Tyler

## Mahler and money - the double life of Gilbert Kaplan

LIKE EVERY amateur musician, Gilbert Kaplan has his party piece. But this lanky Wall Street millionaire, founder and editor-in-chief of the financial monthly *Institutional Investor*, is no musical mouse. His showpiece is to conduct Mahler's "Resurrection" Symphony, a vast, difficult work scored for outside orchestra, choir, soprano, alto, organ, bells and offstage brass.

Kaplan fell in love with the symphony when he was 23. Or was it infatuation?

"No," he said. "I think that is too weak a word. It's a torrid love-affair, one that's gone on for a long time and to which I've been quite faithful... and one which my wife Lena fully understands," he added, laughing.

In 1981, already rich, he decided he must conduct the "Resurrection". It was a Herculean task for someone whose musical education consisted of three years' piano lessons between the ages of seven and 10. He hid himself away, studying for up to nine hours a day to learn the score by heart. He took lessons in conducting, advice from Sir George Solti and hired the American Symphony Orchestra to practise with.

"One of the lessons I learned from this whole experience is that very large-scale projects are often avoided because they seem daunting. What enabled me to get started was to disaggregate it: I discovered one day I'd learned a page of the score. So I said '208 days from now I will have learned the whole symphony'."

He emerged nearly a year later, mounted the podium at the Lincoln Centre, New York, in front of an invited audience of 2,700 friends and clients, and conducted for 90 minutes without the score. It was his party piece for the 15th birthday of *Institutional Investor*, a little surprise for his friends... and an experience he had no intention of repeating.

But critics and players were so impressed that he was invited to do it again in public. He has been conducting the second symphony, all over the world, ever since. His 1988 recording of it with the London Symphony Orchestra has sold 125,000 copies and reached the top of the British classical hit parade.

Gilbert Kaplan never wanted to be a conductor. He still doesn't. But he does want to be regarded as a serious Mahlerian.

On Monday he publishes his second facsimile edition of Mahler's music (the first, of course, was of the "Resurrection", whose original he now owns). It is a lavish boxed set containing a monograph and his recording of the Adagietto, the miniature slow movement of the Fifth Symphony used in the film *Death in Venice* and probably Mahler's best known melody.

Kaplan's research has convinced

him that the Adagietto, usually played as a 12-minute dirge, is about love, not death. Mahler sent it as a love letter to his wife Alma and meant it to last no longer than about eight minutes. Kaplan's version, subtitled "From Mahler with love" is to be issued as a CD single - and could be another best-seller.

The infatuated publisher does not look like a man obsessed. He is languid, polished and preppily dressed with his gold seahorse cufflinks, self-assured but not overbearing.

Had he been trying to prove something, or to show off? He replied in terms of the lover who seeks physical consummation.

"I am not someone who seeks challenges for their own sake. I don't think 'Wouldn't it be nice to climb Mount Everest'. I fell in love with this music and the idea of conducting it was a way of becoming more intimate, a way of trying to get inside the music and understand what it was that compelled me so much."

"I make no apologies for excessive

*'In some ways I don't approve of what I do... but for me it is a matter of life and death'*

behaviour, but it was personal excessive behaviour, not directed to proving anything."

Are you an exhibitionist?

"I don't believe I am. I may have achieved a few things in my life but they have been done in rather traditional, normal ways. I'm not an extrovert in general. I'm not some one who is terribly emotional in public. But when you're on the podium you really do stand there naked and you have no choice. You cannot put any limitations on yourself."

So you would resent being described as a dilettante?

"Absolutely. I may be any number of things but I'm certainly not a dilettante."

In some ways I don't approve of what I do; I don't in general approve of amateurs meddling in a professional world. But for me what I'm doing is a matter of life and death."

It would be wrong to see Kaplan as a musical monomaniac. He lists Wagner and Beethoven (Mahler's main influences) Prokofiev and baroque. He can play bits of Rachmaninov, Gershwin and jazz on the piano; and he does not like Mahler's Eighth Symphony much.

Nor does he especially identify with Mahler the man. He condemns the composer's self-centredness and domineering treatment of his wife and colleagues. If there was a similarity, he said, it was their shared perfectionism. "Mahler's motto was: Whatever you do, try and do it as

well as you can. I certainly feel that way."

Kaplan has a middle-class Jewish background. His father was comfortably off, having sold the family shirt-making business, but his parents were divorced when he was five. I asked if Mahler's Jewishness struck a chord with him.

"Well, I think anyone who is Jewish and who reads what he had to go through cannot fail to feel some affinity. It had a profound effect on him and I have sympathy with his plight. In fact, it makes my blood boil. But no, I don't find his being Jewish has anything to do with my attraction to his music."

Kaplan's love affair has not distracted him from life. In 1967, two years after the *coup de foudre* and anxious to be self-employed, he started the magazine with borrowed money. In 1984 he sold the business to Capital Communications for a sum estimated by Wall Street at between \$50m and \$70m. He continued as editor because, he said, he prefers journalism to business: his strengths are his news sense and his ability to discover good writers. Occasionally he goes out to interview people, like John Gutfreund of Salomon Brothers and the late presidents Sadat and Marcos.

For someone who's job is finding out how others dispose of their wealth, Kaplan is rather reticent about his own. However, he did offer one tip for would-be millionaires.

"People trying to make money go about it completely the wrong way. If you pick something you really love (and it's a business activity) you will do extremely well. If you pick something where you think you'll make a lot of money you probably won't do well because you'll be competing against people who love what they do."

He said there was "no question" but that he could earn a living from music now if he chose. But he wants to remain an amateur. Any profit he does show goes to the foundation he has set up for musical projects.

When I suggested his latest presentation box was a bit over the top for such a little piece of music - that it was a rich man's fiddle - he looked as wounded as a newborn whose baby has been called ugly.

"I don't tend to do things in moderation. I tried to create the most wonderful publication I could for - my wife and I joke about it - for the 32 people who care." He paused. "Anyway, I don't do it for them, I do it for me."

After another pause: "I wonder if after ten years I don't have some Mahlerian credentials. While I would agree that as a conductor I would not expect to hold my own, I'm not sure that Mahlerian scholars would think of this as a rich man's toy."

He said he would do anything to make Mahler's music better known. "A Swedish finance minister said

back in the 1930s poverty shared by all is not poverty. My equivalent of that is: extravagance on behalf of Mahler is not extravagance."

Yet money had become a hindrance, he said. At the start it helped him to learn his symphony - and that cost less than people imagined. Now it just gets in the way, he said, because nobody can believe that today it is not he who hires orchestras but they who engage him.

Kaplan's other extravagance is Surrealist pictures. He loves Salvador Dalis (most of them), has lent some Magittes to the present London exhibition and is joint author of a catalogue of Magritte's lithographs and etchings. He claims Mahler's music, in its use of clashing moods and sounds, foreshadows Surrealism.

Why do you like Surrealism?

"I could say I like the idea of finding a reality by seeing real and unreal things side by side. But that's probably nonsense. I like the

paintings. When I walk into the Museum of Modern Art where there's a room of Surrealists, I come alive. I don't have to explain it."

He thinks there is a touch of the surreal in his own life: the self-controlled Wall Street analyst who at night dons the cape of the maestro and lets fly with his emotions.

But Kaplan does not see his two lives as at all incongruous, even if his love of Mahler is extreme. He thinks he is "integrated". After all, he didn't choose to fall wildly in love with Mahler's "Resurrection."

"And there's something else. It's a mistake to think people have to lead their lives sequentially. Most people talk about one career then the next, then having time for their pleasures. I've never believed that's a healthy way to live."

"If that triggers a reaction such as yours - that this is a rich man's fiddle - so be it. But where is it ordained that only the people who do one sort of work exclusively should be allowed to do it?"

Alain Peyrefitte in *Le Figaro* entitled, "Do we want the death of the French peasant?" It was the familiar "true France" stuff, accusing the government of bowing to Washington in accepting reform of the CAP. What Peyrefitte called the "French exception" was characterised as, "A harmony, painfully acquired over time, between town and country, between hi-tech industry and the permanent elements of labour and pasture, between innovation and respect for tradition."

It could have been taken from a speech by Marshall Petain, circa 1943, on the Vichy government's theme of "Patria, Famille Travail". Each nation has its curious vision

of rural life. In Germany it is all mixed up with organic food and organic societies, building blocks of the nation and the need to keep in touch with basic values. The *Frankfurter Allgemeine Zeitung* reports that 70 per cent of the German people go for walks in the "mythic" German forest quite regularly in search of "cleansing of the soul". In Britain an upper middle class, mummified chintz-and-thatch fantasy peers out from the carefully crafted pictures in glossy magazines. But at least in Britain few believe that enormous subsidies are essential for the maintenance of the rural idyll.

The Italians probably have the right attitude towards the countryside. Rural life is coming into fashion in Italy because it now seems marginally less intolerable than life in the cities. And for one nation at least, the countryside is a gold mine - Ireland gets six times as much from the CAP as it pays out. Children always vote for Christmas, as an Irish colleague put it.

James Morgan is economic correspondent of the *BBC World Service*.

As they say in Europe/James Morgan

## The Maastricht debate takes a frivolous turn

FRIVOLITY, for the first time in months, if not years, peeps shyly from the sombre pages of leading European papers. The lightheartedness may have been partly inspired by the Irish referendum which I knew was going to be awful because of the succession of ghastly German puns it would inspire. The trouble is that the German for the Irish is *Irish* while "to be mistaken" is *Irren*. You can imagine the rest, for each German word can have many others built upon it.

The next referendum is in France where the domestic debate is flagging in spite of the Versailles Congress which approved the changes needed to implement the Maastricht Treaty. *Libération* performed a sterling service - several hundred words on how to pronounce the name of the "little Batavian city." (This is a curious French habit, nothing is ever called by what it is, thus France is always "the Hexagon.") Nicole Gauthier opened with the words, "Tell me how you pronounce 'Maastricht' and I'll tell you who you are." It emerges that the Communist leader, Georges Mar-

chaix, pronounces it "Maastriche" which nicely mixes the hated treaty with the verb "to cheat" - hence *Maastricheries*. One trouble is that the most famous of Dumas' musketeers, d'Artagnan, died at Maastricht, which gives the city a place in French mythology that it lacks elsewhere. As a result there was a row in the National Assembly. A UDF deputy from what was once a royalist stronghold, the Vendée used one pronunciation, a socialist cried, "Say Maastricht!"

"Je prononce comme il faut!"

"No, in dying on the ramparts of Maastricht, d'Artagnan certainly said 'Maastricht.' Let us remain French!" said the socialist.

Now in France there is always great searching for the journalistic device that might be called the Contrived Coincidence, or Puerile Paradox. In Britain this is seen in sentences such as, "Although Professor Smith is the leading authority in Oxford on medieval music, he is also a keen follower of West Ham United." In France the coincidence of the Versailles parliamentary congress and the attempts by farmers to blockade the routes to Paris provided fertile ground for the provincial press to draw gaudy parallels. Thus *La République des Pyrénées* contrasted the two phenomena and continued, "On one side the Jacques de peasants revolting against the

reform of the Common Agricultural Policy, on the other, under the gold of the Princes' Wing, costumed deputies approving the Europe of Maastricht." Rather lamely, it had to concede that this was not a repetition of ancient French revolts. The peasant problem in France always surprises her neighbours. The image conjured up in England by the words "French peasants" is probably of a cross-eyed crone throttling some poor stuffed goose outside a bucolic hotel from which her bottled-scared husband stares malignly through a broken window pane. In France, however, the vision is Arcadian. I have been treasuring for some weeks a huge article by

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